

# SUSTAINABILITY REPORT 2020

SUSTAINABILITY REPORT



# LETTER TO THE STAKEHOLDERS

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## INTRODUCTION

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2020 reminded us that we can all be called on to react promptly and, where necessary, bravely to unexpected circumstances. This courage is also required to enhance the positive impacts we generate, and reduce negative ones, thereby planning a better future.

Thanks to the **professionalism**, can-do attitude and courage of our staff, our response to the Covid-19 crisis has been prompt and effective. We safeguarded **production continuity of** whilst placing the emphasis firmly on the health of staff, and helped ensure the **supply chain** continued to run normally right from the earliest stages of the pandemic.

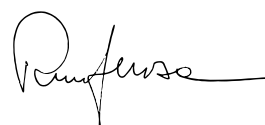
We continued efforts to reduce our environmental impact by developing **new, increasingly recyclable products** and by taking steps to improve the **energy efficiency** of the production process, whilst reducing atmospheric emissions.

In particular, we embarked on projects for using new raw materials designed to reduce virgin material usage. We ramped up joint ventures within the supply chain to develop solutions for reducing the end-of-life impact of our products to a minimum, doing so rapidly and effectively.

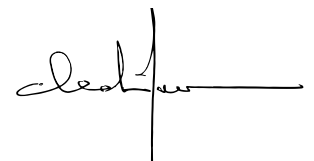
At the same time we worked on our production processes, taking steps to cut energy consumption and emissions per product unit in the technologies and processes used. We also increased the amount of energy we buy from renewable sources. We laid the groundwork for a professional analysis of the emissive impact of our packaging solutions. Now we are in a position to offer this information to our customers, so they can gauge a product's impact overall, detailing protection capacity over time and resultant contribution to combat food waste, product end-of-life management and emission impact.

Activities and projects to enhance the **wellbeing of the people** that work with us have proved equally important. Efforts for protecting **health and safety in the workplace** has been pivotal during the pandemic. Thanks to the work done by the extraordinary committees set up in each company, we took rapid measures to avoid disruption to business. The collaborative spirit displayed by all members of this committee, employers, managers, union representatives and occupational physicians proved key to the success achieved, in keeping with the various roles and responsibilities concerned.

During the difficult months of 2020, we felt called upon to actively support **local organisations**, particularly hospitals and homes for the elderly struggling to tackle the first wave of the pandemic head-on. We also continued to back the social activities we care about most. These **charities** have been working in the local area for some time now and, during the tough circumstances unleashed by the pandemic, never stopped working. The future still poses many challenges and opportunities, but we are ready to face them with investment, research and development which will render our products and factories future-proof. At the same time, we will always ensure people come first, and that we look after the environment, which is our own home and that of the people of the future.



Ruggero Gerosa  
President



Claudio Gerosa  
Vice President

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# GEROSA GROUP

## CHAPTER 01

We are an international family group, recognised as a **benchmark** in the flexible packaging and label sector.

Our story began 85 years ago, in 1935, when Luigi and Giuseppe Gerosa set up a small stationery and printing shop in Inverigo. Over the years that enterprise has transformed and grown to become a **multinational group present in 5 European countries**.

Specialisation in the flexible packaging sector began in 1949 with the purchase of the first rotogravure printing press. Since then we have continued to **invest in technology, personnel, research and development, sustainability**, becoming a point of reference for the flexible packaging sector, especially for the food industry, with a strong specialisation in products with high technical content.

Our production sites are located in **Italy, Spain and Romania**, and we sell flexible packaging and labels on all continents, also thanks to our sales offices in Germany and France. We are mainly focused on the **food and label sectors**, but we also successfully serve other sectors, such as para-pharmaceuticals, pet food, detergents, as well as some industrial sectors.





The Group has **five manufacturing companies and two commercial businesses**. Together they have five transformation sites (two each in Italy and Spain and one in in Romania), and two sales firms (one in Germany and one in France).

**Geographical diversification** is aimed at positioning the Group in areas of production excellence and close to the main reference markets.





*"Sustainability has always been in our nature, because we believe that our value as a business is closely linked to the social and economic value we can generate over time"*

In order to respond effectively and reliably to the various market demands, we have **specialised in numerous applications**, ranging from cold sealing closures to stand-up pouches.

We are known for our **know-how** in research and development and for the **high quality standards** of our products and services, which are the result of cutting-edge technological investments and a high rate of renewal of plant and equipment. For 40 years we have integrated the **photoengraving process**, both mechanical and laser, and, thanks to the experience gained, we are able to meet the most complex graphic requirements.

Our organisation is efficient and flexible. Its strength is based on the **skills of highly qualified and motivated people** and on flexibility, a value that we

cherish and promote among our staff to respond to the many needs of the customers and help them pursue their goals in a constantly evolving market.

Since 2018, we have voluntarily published our Sustainability Report, drafted in keeping with GRI (Global Reporting Initiative) Sustainability Reporting Standards and certified by an independent third party.

The 2020 version is our third Sustainability Report. It bears witness to our commitment, and conveys the extent to which sustainability forms part of the company strategy. It confirms the involvement of the organisation as a whole and the desire to maintain constant, transparent dialogue with stakeholders with whom we interact directly and indirectly.



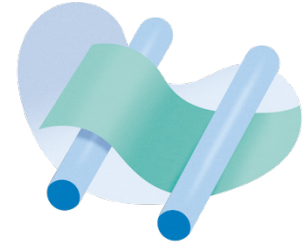


# 1935

Luigi and Giuseppe Gerosa open a small printing shop in Inverigo, which with the passing of time will become **Cellografica Gerosa SpA**.

# 1949

The **first rotogravure** is installed.



# 1993

With the establishment of Flexocit srl and the inclusion of **Cellografica Gerosa SA**, the **Gerosa Group** comes to life.



# 1997

**Gerosa Flexible Verpackungen** is established in Germany.



# 2004

**Rieusset SA** in Spain joins the Group.



# 2007

**Artema Plst srl** in Romania joins the Group.



# 2010

**Commerciale Gerosa Group sarl** in France is established.

# 2017

The **Innovation Center** is opened care of the Inverigo plant.

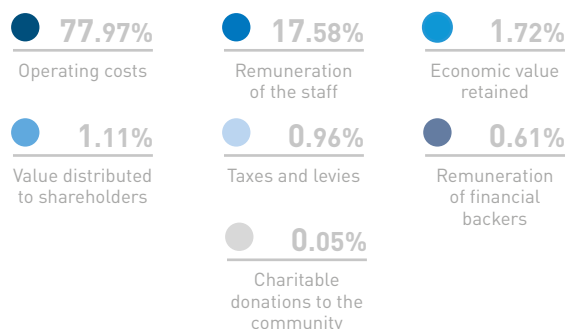
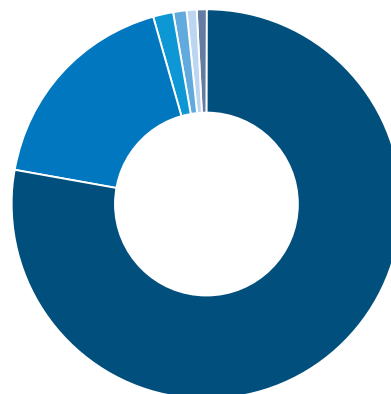
# TODAY



[The values also include the figures for the two commercial companies which have been excluded from the reporting perimeter of the other data in the Sustainability Report].

## ECONOMIC VALUE GENERATED AND DISTRIBUTED

We believe that in order to be able to demonstrate our corporate responsibility it is first and foremost necessary to be a **healthy and economically viable company**. This is the only way to adequately remunerate employees, suppliers and shareholders and to contribute, through taxes and levies, to the management of goods and the provision of public services, and thus to the wellbeing of the community. The table below shows the Economic Value Generated, Distributed and Retained in 2020 and the two previous years. These Values derive from the reclassification of the Consolidated Income Statement, where the retained economic value is represented by the profit for the year net of profits distributed to shareholders. In 2020 the Economic Value Generated exceeded Euro 194 million, in line with the previous year value. This result made it possible to distribute Euro 192 million to the stakeholders. In particular, **the largest part of the value generated was distributed to suppliers and, subsequently, to staff.**



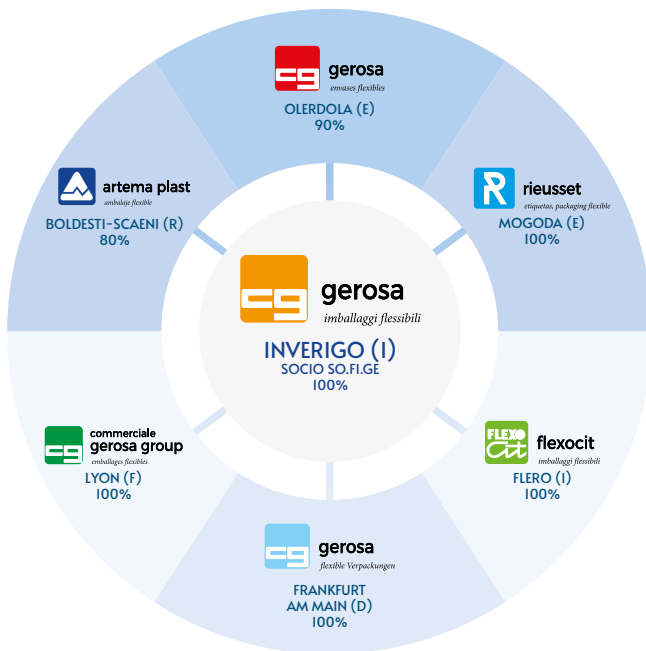
	2020	2019	2018
ECONOMIC VALUE GENERATED	194,927,065	194,467,621	188,843,406
OPERATING COSTS	151,978,314	155,059,935	150,991,113
REMUNERATION OF STAFF	34,268,990	33,486,637	32,205,632
REMUNERATION OF FINANCIAL BACKERS	1,194,130	1,224,958	1,125,014
VALUE DISTRIBUTED TO SHAREHOLDERS	2,166,800	2,100,000 <sup>2</sup>	1,140,000
TAXES AND LEVIES	1,873,947	1,369,187	1,587,461
CHARITABLE DONATIONS TO THE COMMUNITY	89,230	48,596	60,646
ECONOMIC VALUE RETAINED	3,355,654	1,178,307	1,733,540

<sup>1</sup> The reporting framework used for this paragraph includes the two sales firms. These have, however, been excluded from other paragraphs and chapters in the Sustainability Report (see also Methodological Note on page 39).

<sup>2</sup> This figure was not included in the 2019 Financial Statement, because for prudential reasons the allocation of the result was determined at the end of the year, once the Financial Statement had been approved.

## GOVERNANCE MODEL

We are aware that a robust and efficient organisation of corporate decision-making processes and careful risk management are fundamental for the satisfactory governance of the business and its sustainability over time.



The Gerosa Group consists of **seven companies**, five of which are manufacturing and two commercial. The Parent Company is Cellografica Gerosa SpA, with headquarters in Italy, and has direct control over all the others.

The **Board of Directors** of Cellografica Gerosa SpA defines the strategic guidelines and organisation of the Group. It consists of six members, including a woman (17% of the total) and an independent director<sup>1</sup> (17% of the total). All members of the Board of Directors are over 50 years of age. Each of the subsidiary companies is governed by its own Board of Directors, which, on the basis of the strategic guidelines decided for the Group, manages the individual local entities and organises their control systems.

The principles that guide the Group are contained in the **Code of Ethics** and have been defined in full compliance with the contents of the Universal Declaration of Human Rights, the principles of the

International Labour Organisation (ILO), the principles of the Global Compact and the OECD Guidelines for Multinational Enterprises.

The Code of Ethics, approved by the Board of Directors of each Group company, is a tool for the governance of the company and a guideline for daily action. Of particular importance among the topics covered are respect for human and individual rights, the prevention of and fight against corruption, the protection of safety, health in the workplace, environmental protection and respect for privacy.

The Group's production companies have an **Organisation, Management and Control Model**, with the exception of Artema Plast, for which drafting is still in progress. These Models, implemented for risk management with the aim of preventing and disciplining behaviour contrary to laws and regulations and the principles set out in the Code of Ethics, have been designed in accordance with national regulations and guidelines (Italian Legislative Decree No. 231/2001 for Italy and Organic Law No. 1/2015 for Spain) and taking into account specific company circumstances. Companies that have adopted an Organisational Model have a Supervisory Body which has the function of controlling the functioning and observance of the Organisational Models, as well as their updating. They also have a confidential reporting channel for any violations and irregularities concerning the Organisation and Management Model and the principles laid down in the Code of Ethics.

In 2020, no Group company registered any type of report.

Through the process that led to the drafting of the Sustainability Report, in particular with the construction of the materiality matrix, we were able to **strengthen risk management**, highlighting those risks that relate to sustainability and that refer to a medium-long term period for the materialisation of the risk and the actual impact on the Group. The main risks identified in the area of sustainability are adequately covered by the specific reference units and are each dealt with in their own thematic section of this Report.

<sup>1</sup> according to Elite – Corporate governance framework.

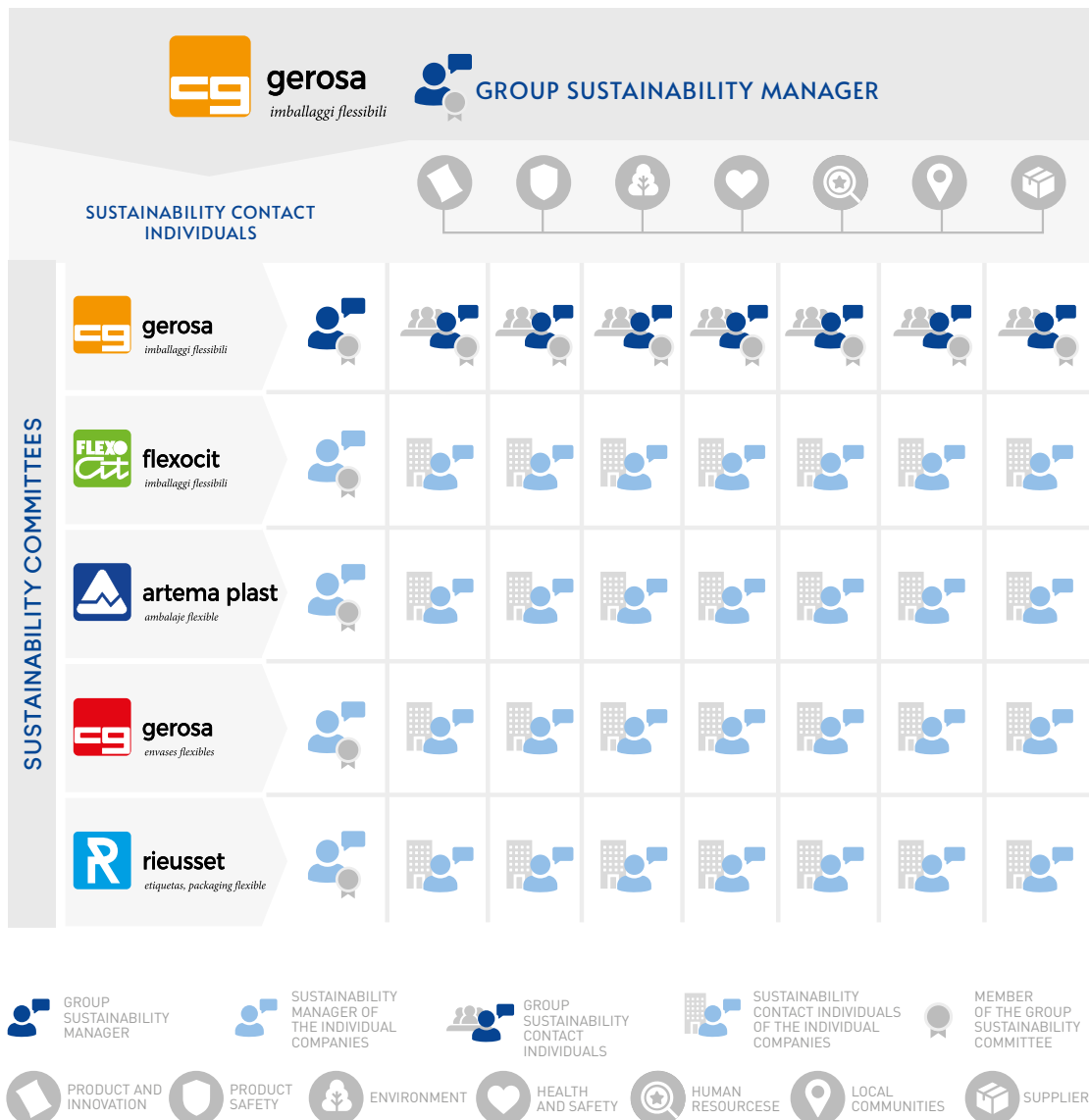
## SUSTAINABILITY GOVERNANCE

To adequately address the challenges of sustainability, in 2018 we established an organisation dedicated to the management of environmental, social and governance (ESG) issues.

The organisation created envisages the **sharing of a Group strategy and guidelines** and leaves, within these, a large degree of autonomy to the individual companies so that the characteristics and contributions of each one are more fully enhanced.

Almost **40 people** are involved in the organisation, led by the Group Sustainability Manager, who reports to the Parent Company's Board of Directors. The latter is responsible for defining the sustainability strategy and approving the Sustainability Report.

Within each Group company, the Sustainability Committee is made up of the Sustainability Manager, who reports to the Board of Directors, and the Sustainability Contact Individuals, who oversee the various sustainability areas. A Group Sustainability Committee, chaired by the Group Sustainability Manager, guarantees the unity of the strategic direction and at the same time enhances the initiative of the individual companies. The Group Sustainability Contact Individuals participate in the Committee, coordinating, each for their own area, the sustainability contact individuals of the individual companies and dealing, among other things, with facilitating the sharing of proposals for improvement within the Group and consolidating the data of the individual companies for reporting purposes.



## MATERIAL TOPICS

We identified the material topics deemed most important for the sustainability of our business by conducting a **materiality analysis**. This process identifies the various parties affected by the impacts of the company's activities, and involves them in drawing up a weighted list of **economic, environmental and social topics** on which the company can generate positive and negative impacts. The result of this process is a matrix representing the combined weighting which company and stakeholders attribute to each of the topics analysed.

In 2020, we reviewed the materiality analysis carried out in 2018 with a view to drafting our first Sustainability Report. End consumers, namely our clients' customers, were added to the categories of stakeholders as they are directly involved in the **process of recycling our products**. In addition, interest in receiving information that allows them to make a first-person contribution towards safeguarding the environment through virtuous behaviour is on the rise. For more details on the stakeholder categories and types of relationship held with them, please refer to the Methodology Note on page 39.

We updated the topics from the general list of topics in the wake of **benchmark analyses, sector and global trend analyses**, with the result largely confirming the 2018 list. It also saw the addition of rational consumption of raw materials, responsible supply chain management, raising awareness and attracting end customers, and enhancing loyalty and development of staff members. The materiality of the topics was defined with a new internal analysis as well as an external analysis, by combining a new survey which involved both employees and suppliers with the results of a previous analysis for the other parties involved.

The 2020 materiality matrix approved by the Holding's Board of Directors, as illustrated below, highlights the following as the most important topics: **Energy Efficiency** and **Climate Change, Occupational Health and Safety, Product Innovation** and **Product Quality and Safety**.

## STAKEHOLDER IDENTIFIED



CLIENTS



EMPLOYEES



SUPPLIERS



LOCAL COMMUNITIES



END CONSUMERS



OFFICIAL ORGANISATIONS



TRADE ASSOCIATIONS

**BENCHMARK ANALYSES** and **CONTEXTUAL ANALYSES** were used to define the **UNIVERSE OF TOPICS**

To map the actual areas listed in the universe of topics, an **INTERNAL ANALYSIS** was conducted.

This involved the



## SUSTAINABILITY COMMITTEE

and an **EXTERNAL ANALYSIS** asking the following groups to answer a questionnaire:

**ALL EMPLOYEES**



**140 SUPPLIERS**



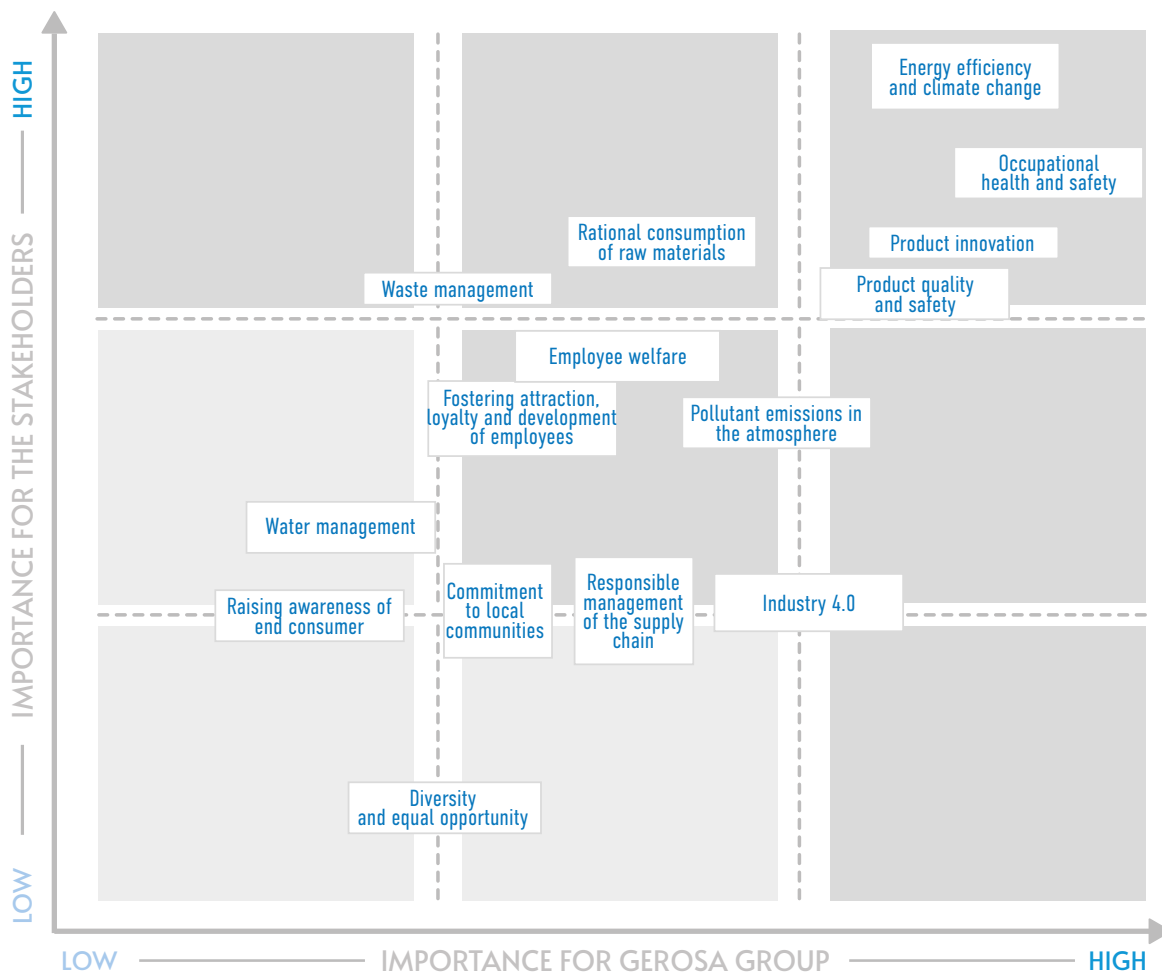
The rates of response were respectively

**50%**

**39%**

For a variety of reasons, the following topics are closely linked to corporate continuity: **Energy Efficiency** and **Climate Change** due to the commitments made by the European Union and resultant economic policy guidelines; **Occupational Health and Safety**, which was already an essential condition and now also covers the COVID-19 medical emergency; **Product Innovation** and **Product Quality and Safety** because they are closely linked to the company's activities, and are decisive for its market positioning and competitive

lead. The other main topics include attraction, fostering loyalty, **development and wellbeing of employees**, responsible management of the supply chain and responsible consumption of resources, and the **management of waste and polluting emissions into the atmosphere**. Industry 4.0 and commitment to local communities were also included as the Group sees them as being extremely important.



Matrix of definitive materiality, approved by the Sustainability Committee

\*The Materiality Matrix does not include the topics of Generating Economic Value and Business Integrity, a broad concept covering Anticorruption, Regulatory Compliance, Anti-Competitive Conduct and the Protection of Human Rights, as they are deemed to be essential prerequisites for proper business operations. More details on the 2020 materiality analysis are given in the Methodological Note on page 39.

## SDGs AND OUR CONTRIBUTION

On 25 September 2015, the United Nations approved the “2030 Agenda for sustainable development”, a plan of action to foster global development, promote human wellbeing and protect the environment. The 2030 Agenda is set out in 17 objectives known as SDGs to be reached by 2030, and involves all elements of society. Here at Gerosa Group, we have identified

the **SDGs which are aligned with our sustainability programme** and which we can contribute towards, be it through our products and their development or our approach to doing business. After rationalising the analysis, contributions to SDGs 13 and 14 (presented separately in the 2018 Financial Statement) have now been incorporated into SDGs 9 and 12.

**2**  
ZERO HUNGER  


**ZERO HUNGER:** end hunger, achieve food security and improved nutrition and promote sustainable agriculture.

Our products allow foods to be distributed all over the world whilst protecting them from contamination and spoilage. Distribution chains are increasingly complex, but our products enable distribution even in circumstances which pose risks to health. Gerosa's Food Safety department constantly keeps up-to-date on local and international regulations, and the very latest research into materials designed to come into contact with foods; the Innovation and Research and Development departments develop packaging which is increasingly effective at protecting foods from external contaminants, whilst preserving their nutritional properties and sensorial characteristics over time.

**3**  
GOOD HEALTH AND WELL-BEING  


**GOOD HEALTH AND WELL-BEING:** ensure healthy lives and promote well-being for all at all ages.

The packaging protects foods from contaminants such as viruses, bacteria, organisms and foreign substances in general whilst also preserving them against the effects of external agents, whether natural or otherwise. This helps safeguard food hygiene, and accordingly the health and wellbeing of people. Gerosa's Food Quality and Safety, Innovation and R&D departments all strive to improve these functions and features.


Gerosa produces its cylinders internally and adopts the highest quality printing processes, thanks to which nutritional and allergen information is clearly visible even when printed in small lettering.

We also promote health and wellbeing with voluntary actions designed to encourage good health and beneficial lifestyles for our employees with the support of an occupational physician, where available.

**4**  
QUALITY EDUCATION  


**QUALITY EDUCATION:** ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

We support schools in general, with particular emphasis on professional training. We foster opportunities for students and the working world to come together, offering local school and university students the chance to do internships and apprenticeships in the company. We invest in specific and general training for our employees which goes over and above obligatory training standards.

**8**  
DECENT WORK AND ECONOMIC GROWTH  


**DECENT WORK AND ECONOMIC GROWTH:** promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We are committed to development that takes aspects of economic, social and environmental sustainability into account. We promote growth through innovation and technological development, and we design innovative products and processes to reduce environmental impacts. We also undertake research into technical and organisational solutions that improve our work and make it as inclusive as possible. We are committed to the principles of the ILO (International Labour Organization). We are dedicated to countering any form of discrimination, and promote stable, inclusive employment.

**9**  
INDUSTRY, INNOVATION AND INFRASTRUCTURE  


**INDUSTRY, INNOVATION AND INFRASTRUCTURE:** build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

We foster development in the areas we work in by making investments that generate economic growth and employment. The Innovation and R&D departments work to ensure our products are in line with the circular economy concept, including the use of recycled raw materials and the production of recyclable products. Production endeavours to ensure the energy impact of processes is minimised.

**12**  
RESPONSIBLE CONSUMPTION AND PRODUCTION  


**RESPONSIBLE CONSUMPTION AND PRODUCTION:** ensure sustainable consumption and production patterns

Flexible packaging allows foods to be packaged using minimal quantities of raw materials. Wherever possible, Gerosa develops products which include recycled or renewable materials. Our company pays the utmost attention to minimising waste during production, as well as to proper waste management and promoting reuse and recycling. It promotes knowledge of proper management of post-consumption waste.

**13**  
CLIMATE ACTION  

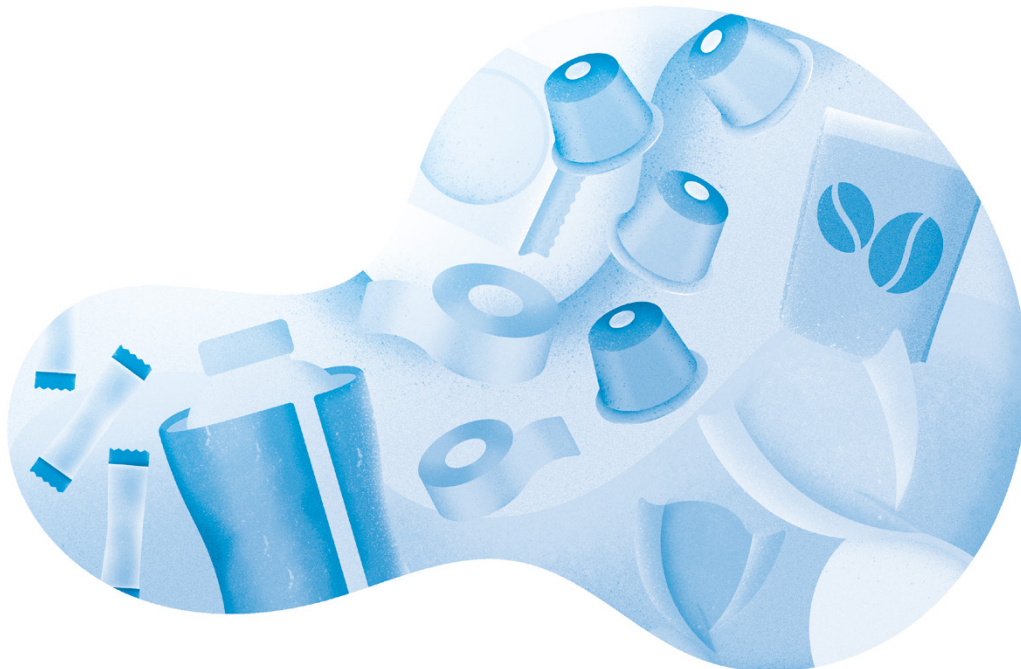

**CLIMATE ACTION:** take urgent action to combat climate change and its impacts

For some time now we have been working to improve our energy consumption, and have adopted measures to monitor the carbon footprint of our products. We inform customers of the energy impact of the products sold, thereby allowing them to make informed choices.

**17**  
PARTNERSHIPS FOR THE GOALS  


**PARTNERSHIP FOR THE GOALS:** strengthen the means of implementation and revitalize the global partnership for sustainable development

We encourage and participate in joint projects with customers, suppliers, universities, research centres, start-ups, schools, associations and local communities. Each brings its own expertise to the table, ensuring sustainability goals are reached more quickly.



# PACKAGING: ZERO WASTE GOAL

## CHAPTER 02

The future of packaging is full of expectation and potential, not least in terms of its environmental impact. As a result it is a key part of the **European Green Deal**, with particular emphasis on the circular economy.

The environmental challenge is even greater and more complex for food contact packaging; it must comply with stringent rules and regulations for safeguarding health, and must also possess a variety of practical characteristics to ensure the best possible protection and conservation of the packaged food over time, allowing it to help significantly reduce food waste.

Both stakeholders and the company itself consider **Product Innovation** and **Product Quality and Safety**, particularly food safety, to be crucial for success and **sustainability**, and rank them highest on the materiality matrix. Governance of both topics will ensure we maintain our lead in the market, and that we are able to meet complex needs in an ever-changing world in which social and environmental challenges are increasingly pressing.

We are all too aware of the strategic importance of this challenge, and it is one in which we invest considerable time and resources. Gerosa's Innovation and Product R&D work is very much oriented towards the "**zero waste**" goal through a wide range of actions.

*"In promoting the use of new materials, eco-design and how packaging is treated and processed at the end of its lifecycle whilst respecting product quality and safety, we have set ourselves the ambitious goal of offering products that increasingly respond to the circular economy concept"*



4,6

**MILLION EURO**

have been allocated to  
**RESEARCH AND DEVELOPMENT**  
amounting to

**2,4% of turnover**

2019: 3.3 milion euro = 1,6% of turnover  
2018: 2.2 milion euro = 1,2% of turnover

Figures for 2019 and 2018 have been re-posted in place of those published in the 2019 Sustainability Report, following updates to the calculation method.

We play an active role in debate and research, and we promote and play a part in

## OPEN INNOVATION

by creating and taking part in development groups that involve the supply chain stakeholders. These include:



**START-UPS  
RESEARCH CENTRES  
UNIVERSITIES**



**CLIENTS  
ASSOCIATIONS**



**SUPPLIERS**

# SUSTAINABLE DESIGN

## PRODUCT RESEARCH AND DEVELOPMENT AREAS

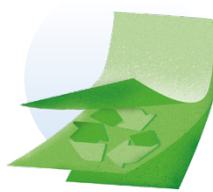
Our aim is to identify, gather and process information, ideas and innovative solutions and to transfer them to the industrial sphere, yielding tangible benefits for consumers and companies with regard to social and environmental impacts



**Reduction in  
raw materials used**



**Recyclability**



**Recycled  
raw materials**



**Compostable**



**Paper-based  
solutions**



## SUSTAINABLE AND INNOVATIVE PACKAGING

We have identified **five main areas of sustainable development**. They are based on achieving the following goals: packaging solutions that are optimised to weigh even less, solutions designed to be recycled, certified compostable laminates, packages containing recycled plastic and packaging made entirely or partly of paper. Within these five areas we continue to develop a large number of projects, some of which have yielded solutions which are a consolidated part of our product portfolio and are popular with customers. Others are still in the experimental phase and were brought out during the course of the year in question, based on the latest regulations and developments in technology and materials.

Precisely because technologies, materials and the regulations involved are rapidly evolving, we actively participate in **debate** and **research**, endeavouring to identify, analyse and process innovative information, ideas and solutions. Our aim is to then transfer them to the industrial world so they can bring tangible benefits to supply chain, manufacturers and consumers alike. As the challenge concerns the sector's supply chain as a whole, we foster and adopt the concept of "**open innovation**" by forming and taking part in development groups. These involve a variety of **supply chain stakeholders**, including start-

ups, universities, research centres, clients, suppliers, technology producers and associations.

To stimulate debate on product innovation and sustainability, each quarter we organise the **Technical Exchange Meeting**. This inhouse meeting sees the Group's technical departments share ideas, views on potential evolutions in technology, and the results of tests carried out in the period concerned.

2020 again saw our active participation in the **Giflex Sustainability Committee (the National Association of Flexible Packaging)**. We also contributed to Ceflex, an association promoting **sustainability for the flexible packaging sector** on a European level, whose goals include studying and developing the circular economy and proper management of packaging when it has reached the end of its lifecycle, whilst also raising awareness of the positive values of flexible packaging through scientific communication.

Given that evolutions in packaging result in developing products that offer more complex, advanced features, end consumers are increasingly expressing the desire for more information to allow them to make more informed decisions, and to reduce their environmental impact.



To this end, we take part in events to raise awareness, aimed both at students of local schools and at higher education institutes. During the year in question we participated in a **Master's at the Business School of financial broadsheet "Il Sole 24 Ore"** on innovation and sustainability in packaging. Whilst we have been unable to receive the students in our production plants owing to COVID-19 restrictions, we held a Distance Learning Event on safety and sustainability in packaging.

In a bid to increase the information our clients receive, in 2019 we introduced the calculation of product recyclability index, and had our recyclable and compostable products certified by leading independent external bodies. In 2020 we also extended the product sustainability horizon by introducing the Carbon Footprint for products. Following training and the preliminary studies which got underway in recent years, we are now able to make objective calculations to work out the energy footprint of our products, offering our clients technical data which shows the

calculation method used, and the outcome of the analysis. This allows them to make informed choices, taking into account the impact of each package overall.

Evolutions in packaging in recent years have moved so quickly that they have actively helped the shift towards the digital transition as well. In fact we are hearing more and more about **Smart packaging or Interactive packaging**, meaning packaging solutions that use materials, surface treatments, packaging or printing techniques that serve additional purposes in addition to their traditional aim to contain and protect products. For example, by adding univocal codes invisible to the human eye on packaging surface through the use of special printing technologies, the package can be connected to mobile devices or supermarket scanners. We have developed several projects in this field, one of which (designed for coffee packaging) resulted in our company receiving the **SMART LABEL** award, promoted by HOSTMilano and POLI.design for products featuring standout innovative digital content.

## PRODUCT QUALITY AND SAFETY

Product safety is an essential factor in food contact packaging, and is crucial in the leadership role we aim to achieve in the food chain. Packaging also plays a recognised role in **reducing food waste**, whilst also helping to improve nutrition by maintaining nutritional properties and sensory characteristics of foods over time, particularly in geographical areas where environmental conditions pose challenges for food preservation.

In 2020, during the first year of the COVID-19 pandemic, **packaging able to protect packaged goods** from external contaminations was in great demand and had a positive impact on supply continuity. This was the case even in the early months, when little was known about how the Sars-Cov-2 virus was transmitted and the precautions adopted proved invasive (including restrictions to the movement of goods imposed by some countries). Our companies' consolidated food safety procedures for preventing contaminations proved vital for guaranteeing production continuity, allowing the COVID-19 Safety Committee to rapidly develop and implement internal Covid protocols, based on indications issued by the Ministries of Health in respective countries, when work safety institutes and industrial and workers' associations had yet to issue any behaviour guidelines.

The Group's **Food Quality and Safety** units all apply the same operating policies. In addition, in 2020 the Group defined a standard for the conformity declarations issued by each plant.

We safeguard quality and food safety of the product by adopting strict **GMPs (Good Manufacturing Practices)** and achieving outstanding results. As with previous years, no food safety incidents were notified in 2020, as shown on the **European RASFF (Rapid Alert Feed and Food) portal**, the rapid alert system of the EU of which the European Commission, EU member States and EFSA (the European Food Safety Authority) are all members. The RASFF monitors direct and indirect risks to human and animal health and the environment deriving from food, fodder and food contact materials, and issues notifications in real time. The company's organisational model also ensures the annual number of non-conformity incidents with a potential impact on food safety is less than 0.1%, with an improving trend, calculated as a percentage of the Group's supplies.

Effective food safety and quality operations are implemented through the voluntary adoption, by all the Group's companies, of the **BRC Global Standard, a recognised GFSI (Global Food Safety Initiative)**. Each plant applies measures which comply with the **6<sup>th</sup> edition of BRCGS packaging material certification**.

In addition, all the companies, with the sole exception of Flexocit, obtained ISO 22000-certified status; Flexocit's approach was dictated by the fact that the two management systems are largely similar, but BRCGS certification is becoming more prevalent than ISO 22000.

In order to offer food supply chain stakeholders a service whose food safety and transparency gives exceptionally high added value (particularly customers operating in global markets, who need watertight food safety guarantees to meet regulations of the countries concerned), we have created the Group's Global Food Safety department which, under the direct supervision of General Management, coordinates the Group's Food Quality and Safety departments.



Food safety is effectively implemented as a result of the quality culture promoted within the company. Accordingly, in 2020 the twenty-fifth traditional annual **Quality, Food Safety and Sustainability Meeting** was held, albeit remotely. It offered the opportunity for the Group to share information about new advances, and technical and regulatory developments, regarding food safety, not least where sustainability is concerned.

We also feel it is vital to keep communication with the sector's players (particularly in the supply chain) flowing when it comes to food safety, and to sustain reliable technical and scientific information. For this reason, we again played an active role in events held by Italian and international associations in 2020. These included Giflex, Istituto Italiano dell'Imballaggio, Ceflex and Flexible Packaging Europe. All of which are initiatives which follow guidance set out in SDG 17: "Partnership for reaching the objectives".

Last but not least, we participate in food safety discussions regarding new products, materials and processes that have recently been brought to market (or indeed are about to be), including recycled and compostable ones. This particularly concerns the **EU Chemical Strategy**, details of which are outlined in the communication issued by the European Commission COM (2020) 667 October 2020. We have adopted a proactive approach towards defining all new food contact products and any new chemical substances used to make them. This means we are ready to update our food safety protocols and our food contact products promptly, in keeping with the latest approaches and based on the identification of any potentially harmful substances.





# PEOPLE

## CHAPTER 03

It is only thanks to **capable and motivated people** that we are able to meet high standards and make successful products. Our aim is to establish lasting relationships and offer stable employment.

We expend considerable effort on creating and maintaining a **welcoming work environment**, and on fostering and developing the professional skills of our people. We promote fairness in interpersonal relationships and respect for personal dignity, and are against any discrimination and peer pressure. These principles are set out in the **Code of Ethics** and are interpreted in specific Policies. Our training aims to promote the **professional growth** of our staff, and we safeguard **continuity within the company**. As working relationships evolve, we endeavour to create and maintain conditions so that skills and know-how can be enriched to fulfil allocated tasks, whilst acknowledging merit and equal opportunities. The training programmes, which are managed by the **Head of Human Resources** in conjunction with department managers, are of medium duration and include ongoing professional training and the acquisition of wider expertise. The **Head or Manager of Human Resources** holds a key role within the organisation, and reports directly to the General Manager. We firmly believe that each person must be able to work safely: **worker health and safety** are accordingly essential parts of our business approach. In practical terms, we allocate organisational, technological and

*"Training  
allows us to promote  
the professional  
growth of people,  
and we safeguard  
company continuity.*

*We believe that  
every person must be able  
to work safely"*

financial resources to protecting the health and safety of workers, including when unforeseen events arise, whether or not they exceed spending budgets. The Group's largest plants, namely Cellografica Gerosa SpA, Cellografica Gerosa SA and Rieusset, which together account for 72% of our employees, adopted a certified safety management system some time ago, currently the new ISO 45001 standard. The Flexocit and Artema-Plast plants are gradually preparing for certification, which was initially scheduled for 2021 and was delayed by about one year due to the exceptional demands placed on the Health and Safety departments.

Our commitment to health and safety in the workplace is formally stated in the Code of Ethics. Each company has adopted policies whereby it not only commits to respecting legal requirements, but also to adhere to current standards by adopting suitable measures, training staff and promoting a **culture of safety** overall. Responsibility for this lies with the highest levels of the company, the General Manager or an appointed Manager who reports directly to the Board of Directors or, if applicable, to the Employer.

Diversity is an asset, and we protect it by fostering the principle of equal opportunities, eliminating barriers to access and adopting practical measures in the workplace. We endeavour to ensure any form of discrimination, whether direct or indirect, is avoided in all phases of the working relationship. We are also dedicated to creating a positive impact outside the company to help the local area and its inhabitants.

First and foremost we endeavour to create **employment directly**, but we also promote it **indirectly** by choosing local suppliers wherever possible; we support **projects with local communities**, in keeping with our values and the company's business. Relations are managed by the CEO or General Manager of the Group's companies, and resources are allocated in keeping with criteria established by inhouse policies when the annual budget is drafted. Preference is given to supporting specific organisations on a repeat basis, in order to guarantee the continuity needed to carry out projects with a significant impact.



## EMPLOYMENT CONTRACTS

As at 31 December 2020, **858 people** were working for the Gerosa Group, namely **830 employees** and **28 temporary** staff (844 in 2019, of which 777 employees and 67 temporary staff). Permanent contracts accounted for 99% of the total in 2020 (99% in 2019 and 97% in 2018). Temporary contracts are used to cover short-term production requirements; where these circumstances become prolonged, they are generally transformed into permanent contracts within the space of a year. Employees working for the Group's companies are employed in keeping with the relevant Italian collective labour agreements.

Moreover, all the companies, with the exception of Flexocit which represents 6% of the Group's employees, have added to the national labour agreements with a **company collective contract**, which governs aspects of the employment relationship concerning holidays,

production bonuses, training, benefits and company welfare.

In 2020, 126 people were hired and 73 left, with a net balance of 53 new employees. More than half of the terminations occurred in Romania, where the job market is very dynamic owing to the extremely low unemployment rate and high demand for specialist blue-collar workers. In the other companies, the rate is in line with those typically found in the sector.

Given the type of work involved, part-time contracts are not common and are mainly used for office staff. In 2020, part-time contract staff accounted for 2% of the total (3% in 2019, 4% in 2018), 47% of which are women (78% in 2019, 80% in 2018).

2020		MEN	WOMEN	ITALY	SPAIN	ROMANIA
PERMANENT	824	670	154	346	282	196
TEMPORARY	6	5	1	0	6	0
TOTAL EMPLOYEES AS AT 12.31	830	675	155	346	288	196

2019		MEN	WOMEN	ITALY	SPAIN	ROMANIA
PERMANENT	768	618	150	319	270	179
TEMPORARY	9	6	3	1	8	0
TOTAL EMPLOYEES AS AT 12.31	777	624	153	320	278	179

2018		MEN	WOMEN	ITALY	SPAIN	ROMANIA
PERMANENT	721	577	144	295	267	159
TEMPORARY	25	22	3	0	5	20
TOTAL EMPLOYEES AS AT 12.31	746	599	147	295	272	179





## 2020

		MEN	WOMEN	<30 YEARS	30≤YEARS≤50	YEARS>50	ITALY	SPAIN	ROMANIA
HIRES	126	119	7	68	41	17	44	21	61
TERMINATIONS	73	68	5	20	27	26	18	11	44
EMPLOYEES AS AT 12.31	830	675	155	159	449	222	346	288	196
NEW HIRES%	15%	18%	5%	43%	9%	8%	13%	7%	31%
TURNOVER%	9%	10%	3%	13%	6%	12%	5%	4%	22%

## 2019

		MEN	WOMEN	<30 YEARS	30≤YEARS≤50	YEARS>50	ITALY	SPAIN	ROMANIA
HIRES	111	100	11	61	42	8	48	27	36
TERMINATIONS	80	75	5	28	37	15	23	21	36
EMPLOYEES AS AT 12.31	777	624	153	120	447	210	320	278	179
NEW HIRES%	14%	16%	7%	75%	8%	5%	15%	10%	20%
TURNOVER%	10%	12%	3%	35%	7%	9%	7%	8%	20%

## 2018

		MEN	WOMEN	<30 YEARS	30≤YEARS≤50	YEARS>50	ITALY	SPAIN	ROMANIA
HIRES	95	80	15	32	53	10	22	26	47
TERMINATIONS	86	72	14	17	45	24	16	25	45
EMPLOYEES AS AT 12.31	746	599	147	114	458	174	295	272	179
NEW HIRES%	13%	13%	10%	30%	12%	6%	7%	10%	26%
TURNOVER%	12%	12%	10%	16%	10%	13%	5%	9%	25%

## DEVELOPING EXPERTISE AND KNOWLEDGE

In 2020, a total of **10,839 hours of training** were delivered, with a pro-capita average of 13 hours (14,166 hours in total and 18 pro-capita in 2019; 16,629 hours in total and 21 pro-capita in 2018). Whilst the figures are down on the previous year (particularly for generic training), it is still an achievement we feel proud of.

The sizeable number of training hours, in spite of stringent restrictions made necessary by the COVID-19 pandemic, merely highlights the importance we attach to training. **25%** of these hours involved **safety**; the remainder were for specific technical training, food safety and environmental management systems, and generic training. Within these contexts, employees took part in courses on materials used, graphics courses, regulatory updates and language skills.

The training saw 7,090 hours in total (12 pro-capita) delivered to blue-collar workers (8,551 and 15 in 2019); 3,542 hours in total (18 pro-capita) to white-collar workers and middle management (4,722 and 26 in 2019); and 206 hours in total (9 pro-capita) for managers (893 and 32 in 2019).

We also believe that periodic assessment of employees is a useful tool for professional growth. In 2020, thanks to the projects planned in previous years, each company carried out the periodic assessment of all its employees, using processes which will be formalised and standardised in 2021.

# 2020

# 100%

## STAFF

who has received a  
PERIODIC ASSESSMENT



# 830

Total number of employees



# 10,839

Total hours of training



# 13

Average hours of training per employee

**2019:** 777 total number of employees, 14,166 total hours of training, 18 average hours of training per employee.

**2018:** 746 total number of employees, 16,629 total hours of training, 21 average hours of training per employee.

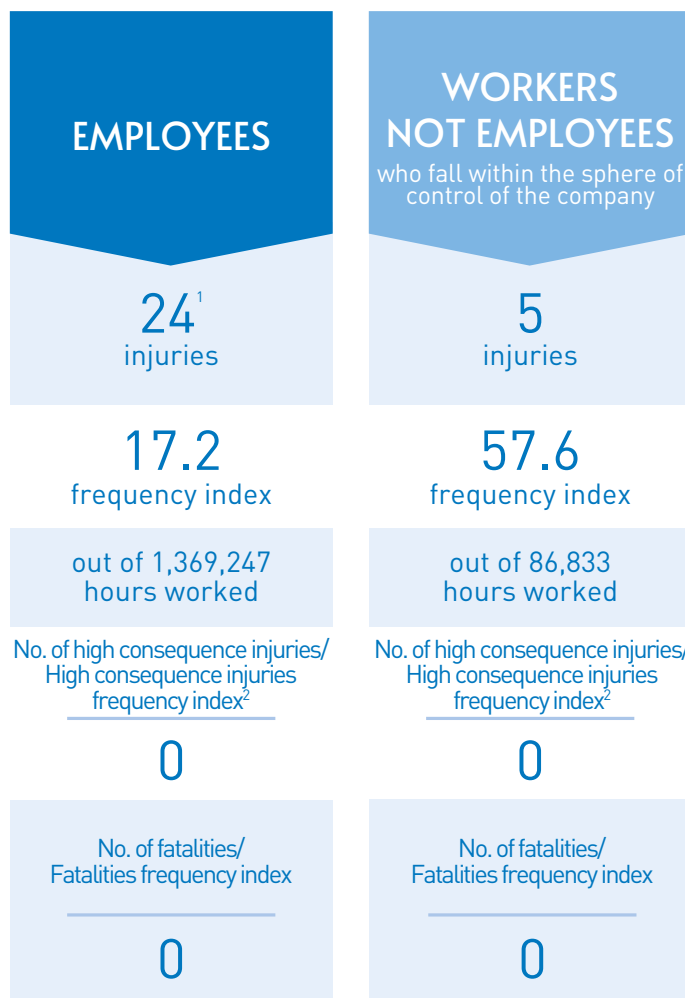
## HEALTH AND SAFETY

Preventing risks to workers' health and safety is a clearly defined process. It is divided into key stages, namely identifying and **assessing risks**, and planning and scheduling **prevention and control measures**, which variously involve the Safety Officer, the workers' representatives, the occupational physician and the departments stipulated by local regulations, also taking into account any requests advanced by the workers themselves.

The result of this process is collected in a document which is updated when any significant changes affect production processes, how work is organised, or evolutions in technical know-how. Changes can also

arise as a result of accidents, injuries or the outcomes of medical check-ups.

Prevention takes the form of organisational measures, maintenance programmes, adoption of personal protective equipment, occupational medicine and training. Over the course of the year, at periodic intervals we analyse trends in injuries and near-misses, progress in achieving goals and training, and we conduct internal inspections of the management system. The **Health and Safety Officer** and all the specifically trained intermediate departments also provide notifications and suggestions.



### 2019

employees 16 injuries	workers not employees 9 injuries
12.2 frequency index out of 1,306,163 hours	64.9 frequency index out of 138,641 hours
No. of high consequence injuries/ High consequence injuries frequency index <sup>2</sup>	No. of high consequence injuries/ High consequence injuries frequency index <sup>2</sup>
0	0
No. of fatalities/ Fatalities frequency index	No. of fatalities/ Fatalities frequency index
0	0

### 2018

employees 17 injuries	workers not employees 7 injuries
13.1 frequency index out of 1,294,794 hours	43.1 frequency index out of 162,434 hours
No. of high consequence injuries/ High consequence injuries frequency index <sup>2</sup>	No. of high consequence injuries/ High consequence injuries frequency index <sup>2</sup>
0	0
No. of fatalities/ Fatalities frequency index	No. of fatalities/ Fatalities frequency index
0	0

<sup>1</sup> For reporting purposes, injuries involving at least one day's absence from work were included. Ongoing injuries have been excluded.

<sup>2</sup> "High consequence injures" are those that can cause permanent irreversible damage to the injured party, or those leading to an absence from work greater than 180 days.

Where present, the factory's occupational physician conducts medical check-ups to prevent the onset of any occupational illnesses.

Given the type of work involved, the main risks which workers are exposed to derive from production processes and use of equipment. These hazards involve abrasion, cuts and crushing of limbs, fractures, bruises, falls from a height and postural pain. A typical hazard is that of fires and explosions due to the solvents and inks used in the production process; these can generate inflammable mixtures, which in some cases can be explosive. Given its importance, we dedicate a separate assessment to this particular hazard.

In 2020, employees were involved in 24 injuries, none of which with high consequences. The frequency incidence calculated over a total of 1,000,000 hours worked is 17.2. The main injury types were cuts, fractures, back ache and bruising. One fall from a height occurred but without any high consequences. No certified occupational diseases were recorded in the three-year period in question. Whilst the number of injuries and the frequency indicator are low and the trend is decreasing, as yet they have not reached the "zero injury" target we aim to achieve.

For this reason, we are constantly committed to training and promoting a culture of safety. All new employees receive training which is repeated at periodic intervals, and when the risk profile changes. The intensity and frequency of training is in proportion with the risk profile and position of responsibility held within the management system. As a result they are greater in number for the fire-prevention team, the first aid team, the handling and high-altitude team and relevant positions within the management system.

Over the course of 2020 we delivered **2,726 hours of Health and Safety training** involving 596 people. At the Inverigo and Rieusset sites, ongoing information is provided on monitors in departments which operate 24 hours a day.

The irruption of the COVID-19 pandemic early in 2020 caused disruption to the lives of everyone, as well as to our working lives. Yet our work within the supply chain meant we were able to continue without interruptions. This was without doubt positive, given the serious economic crisis underway; yet it also forced the company to organise itself quickly to

ensure staff members were protected at a time when little was known about the virus, and no workplace prevention guidelines were available. We promptly set up a **COVID-19 emergency committee** in each company, made up of Management and heads of Safety and Personnel, workers' representatives and the factory physician (the latter being included where present in the respective organisation). These committees analysed the official information issued by governments and national health institutes, and used them to draft operating procedures, combined with food safety know-how, harnessing a consolidated organization designed to enforce it. All those whose physical presence was not deemed strictly necessary for production were allowed to work from home from the very first days of the pandemic. In the factory, the protocols we developed in-house were applied first; these were then combined with national guidelines issued subsequently in the various countries. These measures allowed people to work in a **climate of trust**, at a time when they were being asked to adapt bravely to completely new and frightening circumstances. Thanks to this dedication, the ability to adapt and courage displayed by staff, and thanks to the professionalism and dedication of the COVID-19 emergency committee members who needed to manage constantly-changing information, particularly in the early stages, it was possible to meet the food market's urgent demands for our products, even when the most stringent measures for containing the epidemic were in place. As a result, we were able to overcome the most critical stages of the medical emergency without any outbreak "hotspots" occurring within the company.

## EMPLOYEE WELFARE

We dedicate attention to our employees above and beyond that needed to establish a fair working relationship. In keeping with the policies of the individual companies and their respective contractual agreements, we offer **benefits** including life insurance, additional medical care, fuel vouchers, meal vouchers and company cars.

For a number of years now, Cellografica Gerosa SpA. has been running a **welfare plan** which allows workers to convert their results-based bonus into welfare services for a variety of family-related needs, including school fees, books, summer courses, assistance services, holidays and other leisure expenses. Other companies have established specific measures; for example Cellografica Gerosa SA set up a scholarship covering schoolbook expenses for the children of its employees.

In order to protect employee health outside the working sphere, we have started projects, thanks also to the help of factory physicians, where present, to help employees deal with common illnesses; in some cases we have also offered them basic tests such as ECGs. Since 2019, Cellografica Gerosa SpA. has been taking part in the **WHP programme** run by the regional health authority; this involves setting and achieving specific goals of a three-year plan. As part of this plan, it has committed itself to **promoting a better work-life balance and the adoption of healthy lifestyles** by introducing flexible working hours, providing a room for meals, offering training courses for preventing behavioural risk factors and chronic and degenerative diseases, promoting within the workplace good practices and courses on addictions. These annual goals were again certified in 2020, and new measures were planned for 2021. Other companies in the Group have committed to promoting the work-life balance, such as Cellografica Gerosa SA which has offered employees a number of hours for looking after children or elderly parents. The 2021 plan stipulates that the Group's companies which had planned to introduce ordinary smart-working in 2020 (a goal drastically exceeded by the introduction of emergency **smart-working** as a result of COVID-19) will resume the project so it can take shape as per original intentions, whilst also taking into account the experiences garnered.



## DIVERSITY AND NON-DISCRIMINATION

We respect diversity in its various accepted meanings, and we recognise its value. For this reason, we are dedicated to reduce any obstacles posed to joining the workforce, and to maintain a workplace which is respectful and guided by equal opportunities principles.

For some years now we have been working to identify and eradicate any obstacles posed to increasing the numbers of female employees in our companies. In the light of the results of the first analyses conducted, we have undertaken company welfare policies that promote a better work-life balance, as well as measures designed to improve the ergonomics of factory work. This has been achieved particularly through **automation**, and by **making it easier to move loads**.

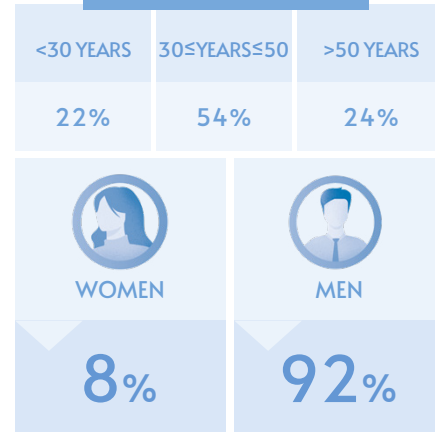
The number of female employees in the Group is in line with that of manufacturing companies in general. As at 31 December 2020, **women** accounted for **19% of employees**, a figure on a par with the last three-year period. This percentage changes according to the types of processes in the various plants, in particular where the work involves moving loads such as printing cylinders. The presence of female workers also varies within each company according to the type of working contract: it is lower amongst blue-collar workers and higher amongst office staff, with women making up a sizeable part of white-collar staff, even in technical positions. The **increasing presence of women at managerial levels** bears witness to the emphasis placed on offering equal opportunities for career development.

We pay particular attention to disability holders, who must be enabled to fulfil themselves not least by fostering access to the working world. As a result, above and beyond legal requirements, we also promote the **employment** of people belonging to **legally protected categories** and we assess our service providers to ensure they share this commitment.

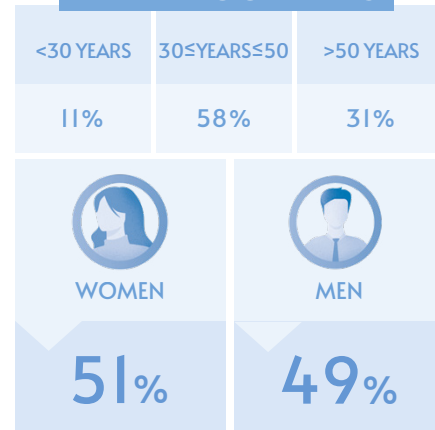
In order to monitor proper application of the principles of non-discrimination, in accordance with the principles set out in the **Code of Ethics**, a confidential channel has been created for submitting notifications to the supervisory body. As with previous years, no verified episodes of discrimination, whether gender-related or otherwise, occurred in 2020.



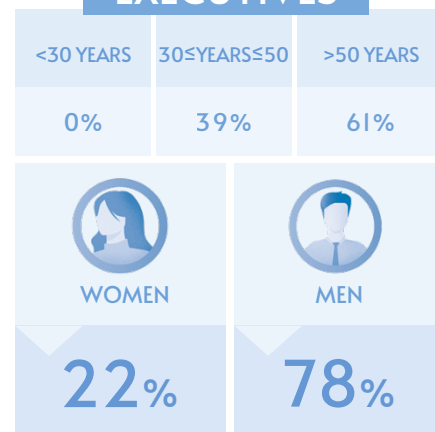
### BLUE COLLARS

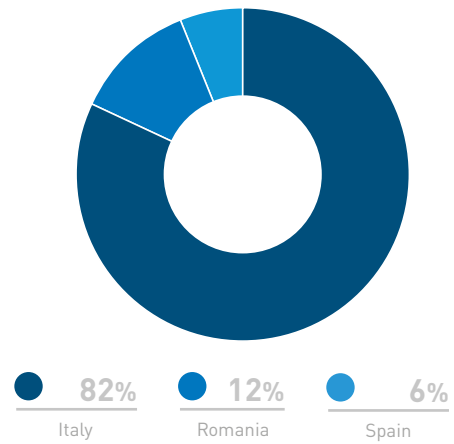
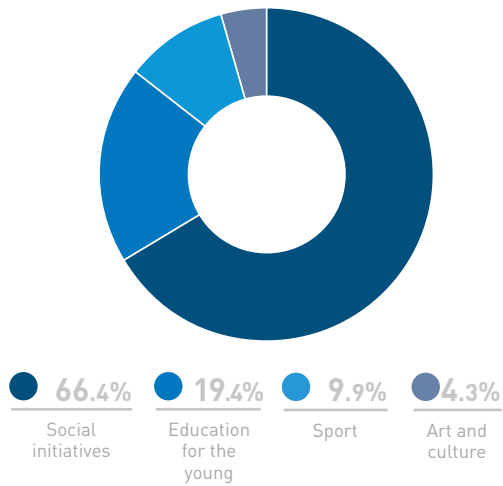


### WHITE COLLARS



### EXECUTIVES





## LOCAL COMMUNITIES

In 2020, we donated around 89,000 Euro to the community. Of these, 36,500 Euro (41% of the total amount), was designated for **hospitals**, particularly those in Lombardy (Italy) which were overwhelmed by the unexpected and dramatic impact of the COVID-19 pandemic and found themselves operating in extreme circumstances for some time. In addition to these extraordinary measures, we have also continued to support **social projects** offering care for the sick with funds totalling 23,000 Euro. These were donated in particular to the Don Carlo Gnocchi association, which the Group has supported since the days of its founders Luigi and Giuseppe Gerosa. We also donated around 17,000 Euro to **educational projects**, including offering scholarships dedicated to high-school education, particularly for graphics and design-related courses. The remainder was assigned to **local amateur associations** and **cultural promotion**, above all to the FAI (the Italian Heritage Fund), of which we have been a Golden Donor for some years now, a choice determined by the desire to help preserve the landscape and artistic heritage for present and future generations.

Our dedication to **education for young people** not only takes the form of financial support, but above all with the time dedicated to students in their final

years of high school and post-diploma, particularly vocational training and technical institutes, high schools and universities, to which we offer training courses within the school and curricular internships. We also deliver training experiences such as Italy's PCTO programme (Training for Transversal Skills and Orientation). We very much regret that the COVID-19 pandemic prevented these activities from taking place in 2020, but we are aware of their importance in allowing students to enhance skills and engage with the working world with greater awareness, so we are taking steps to organise alternatives for the 2021-22 academic year. Our ties with the local area also take the form of active participation in trade associations operating in the local area. This allows us to give our time and experience to help small businesses grow, thereby nurturing development in the local territory. Lastly, we believe that dedicating attention to local communities also involves strict control of external manifestations of the greatest impact. Those identified include acoustic and visual impacts, particularly for companies located within the urban fabric, which are tackled by heads of safety and new plant managers by assessing **noise emissions** beforehand. Where necessary, the requisite soundproofing is carried out and aesthetic improvements are chosen with the help of professional architects.





# THE ENVIRONMENT

## CHAPTER 04

The environment is a precious common asset. We are all inextricably linked to it, we rely on it, yet at the same time our existence affects it. **Managing our environmental impacts responsibly** is a duty for every individual, and for companies it is vital for operating on the market. This realization has prompted us to minimise the impact our business has on the environment, and to consider environmental aspects when deciding what route to take and what development to pursue.

Our **commitment to the environment** is set out in the Code of Ethics, and each company has fixed **specific principles and goals** within a policy encompassing all the environmental topics; this is updated in keeping with the principle of ongoing improvement. In order to effectively implement the environmental policy and the principles and objectives it sets out, each of the Group's companies adopts a management system as described by environmental standard UNI EN ISO 14000:2015; with the exception of Flexocit, all are certified. The Inverigo site has been certified since 1998.

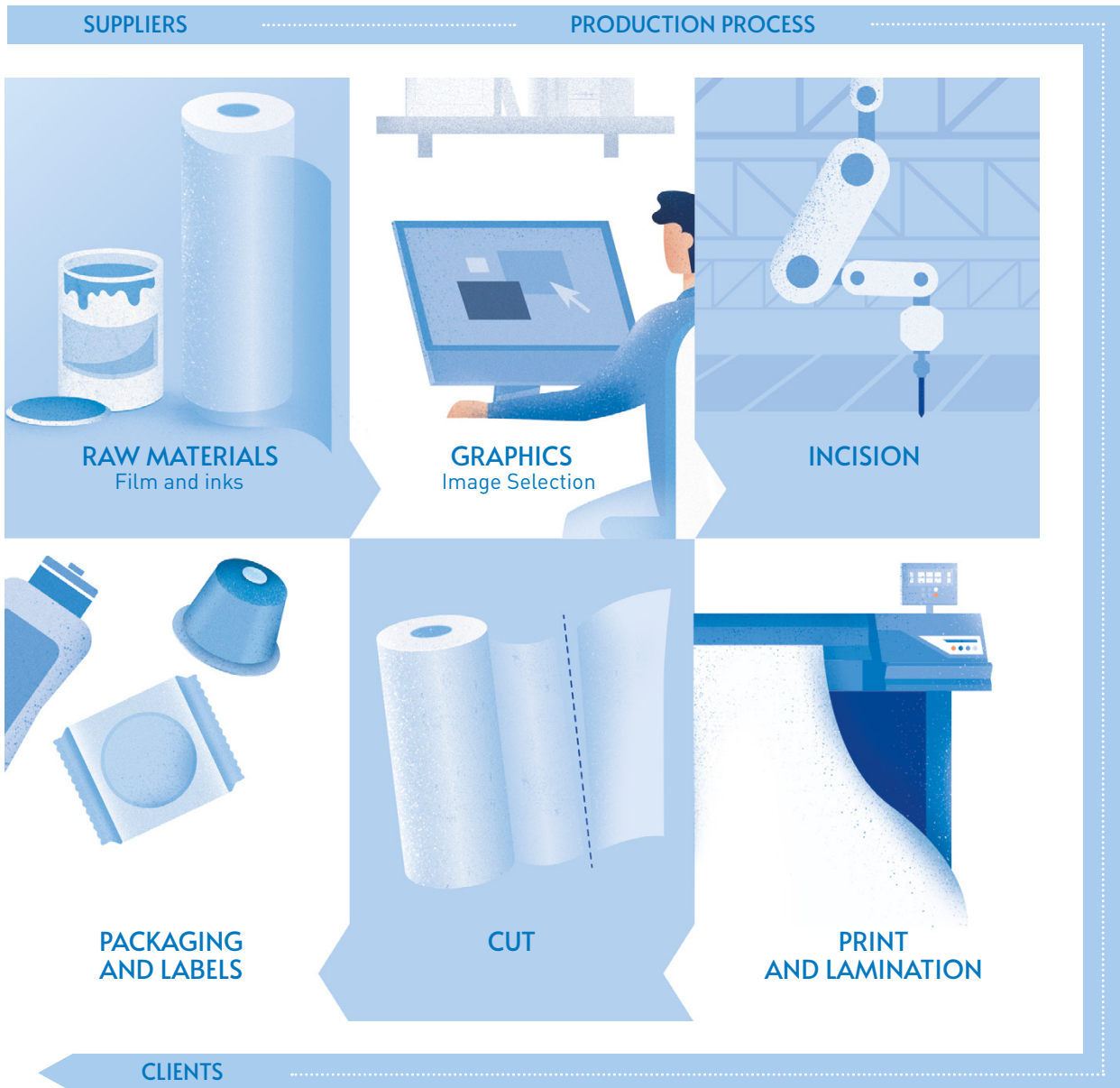
Environmental responsibility is delegated to the highest levels of the organisation, the General Manager or an Environmental Officer, who report directly to the Board of Directors.

This chapter covers environmental topics linked to the production process. It ranges from purchasing

films in plastic, paper and aluminium, inks and glues, to processes involving printing machines, laminating machines and cutters. At Cellografica Gerosa SpA. and Rieusset there is also a photoengraving process, a factory-within-the-factory for engraving the printing cylinders used for rotogravure machines. The environmental issues directly linked to our products, flexible printed and neutral packaging mainly destined for the food industry, are covered in the chapter entitled: "Packaging: zero waste goal". One of the most important environmental topics, the consumption of water resources, which is only modest in our processes, was not deemed crucial for the Group; we are nonetheless committed to monitoring and optimising the use of water, and ensuring it is only returned to nature once suitably treated and checked.

*"Each company  
has set specific principles  
and objectives"*





## ENERGY AND CLIMATE CHANGE

The **reduction of greenhouse gases** is one of the objectives of the UN agenda for 2030. The Euro parliament approved the climate law confirming the binding commitment to a **55% reduction in emissions by 2030** compared with 1990 levels, and to be climate neutral by 2050. As a business, we tackle this topic with a pragmatic approach. Each year, we assess the overall environmental impact of our companies by conducting an analysis which adheres to ISO standard 14000, including emissions. We take steps which involve investments and changes to processes and products to minimise the emissions generated by our

production process. The emissive impact of our work is largely down to the production process; if we take the precise calculations made at the Inverigo plant, they account for 97% of total electricity consumption. Within the production process, energy is used to power printing and engraving machines, for producing the heat used in the drying phase, for powering equipment used to reduce atmospheric emissions and to power the incineration plant. The electricity requirements are met by purchasing electricity and methane gas, and for Cellografica Gerosa SpA. they are also supplemented with cogeneration.

In 2020 the Group took a number of **different steps** to improve energy efficiency, amongst which the replacement of a distiller with another model with

lower consumption rates, the installation of inverters, compressed air and batteries for recuperating heat and timers for lighting.

## ENERGY CONSUMPTION IN GJ

	DIRECT CONSUMPTION OF ENERGY FROM NON-RENEWABLE SOURCES	NATURAL GAS	DIESEL	PETROL	FUEL OIL	INDIRECT CONSUMPTION / PURCHASED ENERGY	TOTAL ENERGY CONSUMPTION
2020	167,111	165,871	1,033	207	0	112,671 <small>di cui rinnovabile certificata<sup>1</sup></small> 4,985	279,782
2019	241,698	240,240	1,118	334	6	68,744 <small>di cui rinnovabile certificata<sup>1</sup></small> 0	310,472
2018	263,878	263,878	n.a.	n.a.	n.a.	63,937 <small>di cui rinnovabile certificata<sup>1</sup></small> 0	300,815

Due to its particular importance, we would highlight the installation in Inverigo, at Cellografica Gerosa SpA, of an **innovative engraving plant**. In addition to being technologically innovative and providing environmental benefits in terms of reduced material consumption, it also consumes less energy than previous technologies. The Inverigo site also bought an **energy cogeneration plant** in 2020. This highly efficient system went into operation early in 2021 and will be expanded in 2022 when a system to recover the heat generated by the cogeneration process is installed. 2020 also saw decisions regarding the origin of the

energy purchased; in particular, since September 2020 Rieusset has bought 100% of its energy from certified renewable sources. Further investments and feasibility studies to lower energy consumption are planned for the 2021-2022 period, some of which are already underway at the time of drafting of this Report, particularly extending the photovoltaic systems and purchasing energy from renewable sources for the part not generated inhouse. This means that in 2021, the energy consumed by the Spanish companies will have been 100% from certified renewable sources.



### ENERGY INTENSITY

energy consumption per 1000 square metres of product

**-11%**  
compared with 2019

<sup>1</sup> The portion of renewable energy cited here results is an estimate made based on the certified renewable electrical energy purchased by Rieusset in the September 2020 – August 2022 period, spread out over the relevant months for the 2020 accounting year.

This, combined with the actions and investments made, bear witness to the Gerosa Group's wish to become carbon-neutral by minimising impacts and, to a lesser extent, by offsetting them. In 2020, as a result of new investments and improvement measures, **energy consumption fell by 10%** on the previous year's figures, with a total annual consumption of 279,782 GJ. Another figure we feel is of interest, and one we are monitoring, is the energy consumption per product unit, expressed in terms of energy intensity and calculated as total consumption divided by square metre of production. For more details, consult the Methodology Note on page 39. The variation over time of this coefficient highlights how consumption rates have changed irrespective of whether larger or smaller amounts are produced; in 2020 it saw an 11% drop in consumption when compared with 2019 figures. For the sake of completeness, we would note that the distribution of energy sources differed in 2020 from the previous year, a temporary situation due to the cogenerate at Inverigo being switched off whilst awaiting its replacement with the new high-efficiency one. As a result, gas consumption fell whilst electricity, which was no longer being produced inhouse with gas, increased.



In 2020, **overall emissions of CO2 equivalent** totalled 18,131 tonnes, **down 5%** on the year before. The intensity of emissions, calculated as GHG emissions (scopes 1 and 2 location-based approach) per thousand square metres of product has also dropped by 5% on 2019 figures.

## GHG EMISSIONS (ton CO<sub>2</sub>eq)

2020	2019	2018
SCOPE 1*		
9,419	13,547	13,251
SCOPE 2 - LOCATION BASED APPROACH**		
8,712	5,444	5,607
SCOPE 2 - MARKET BASED APPROACH***		
11,581	7,144	7,986
TOTAL - LOCATION BASED APPROACH		
18,131	18,992	18,857
TOTAL - MARKET BASED APPROACH		
21,000	20,692	21,237

\*scope 1: **direct emissions** from the Group's owned or controlled sources

\*\*scope 2 - **location-based**: emissions from the generation of electricity purchased from external suppliers, calculated based on the average intensity of the emissions in relation to the national grids from which the energy is taken

\*\*\*scope 2 - **market-based**: emissions from the generation of electricity purchased from external suppliers, calculated based on the type of electricity purchased

## POLLUTANT EMISSIONS IN THE ATMOSPHERE

The emissions of atmospheric pollutants produced by the Group's plants mainly comprise **NOx** and **VOCs** (Nitrous Oxides and Volatile Organic Compounds). The level of these emissions respects the parameters established by laws and regulations, and is constantly monitored to ensure it remains below these thresholds.

The sources of NOx are the boilers used for generating heat, the combustors for purifying air saturated with solvents other than ethyl acetate, the co-generator for producing electricity and heat, and the incinerator. In 2020 various measures were taken to reduce NOx emissions in spite of the fact that production had increased. In particular we would highlight the work at Cellografica Gerosa SpA. on the boilers, and the scrapping of the first-generation co-generator, which was replaced with a more efficient one.

VOCs are mostly generated during the printing processes. In 2020, work was carried out at Rieusset to optimise the recuperation of solvent, leading to a sizeable reduction in VOC emissions. This also made it possible to reuse the greater volume of acetate internally, thereby cutting amounts purchased and achieving a **greater internal circular economy**.

## POLLUTANT EMISSIONS (TONNES)

	NOx	COV
2020	28.3	567.9
2019 <sup>1</sup>	43.3	874.8
2018 <sup>1</sup>	39.9	1626.4

<sup>1</sup> The figure for pollutant VOC emissions in 2018 and 2019 has been re-posted; the figures in the 2019 Sustainability Report have been changed following measures to update the estimate method used.



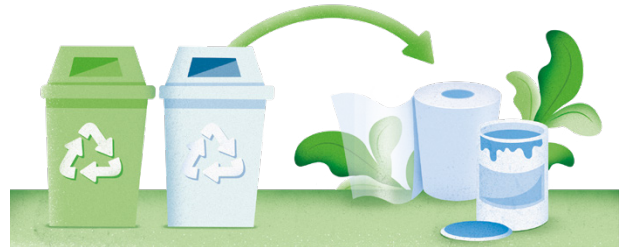
## RESPONSIBLE CONSUMPTION

As a firm, we carefully manage our **consumption of raw materials**, which are a precious resource for the environment and for the company. The raw materials, along with all the materials entering the production cycle, are used and valorised according to **circular economy principles**. These take tangible form with by using recycled raw materials wherever possible, internal reuse, designing products which are made to be recycled, and recuperating heat from waste not reused inhouse at the end of its lifecycle. The **choice to use local suppliers** is another measure adopted to minimise our consumption, thanks to the reduced impact of transportation.

As described in greater detail in the chapter entitled “Packaging: zero waste goal”, we have achieved a great deal, we are still in the process of achieving it, and we are planning to **develop products designed to be recycled** and which are **recyclable**. As regards the use of recycled raw materials, our sector is currently bound by laws and regulations that prohibit the use of recycled raw materials for food contact products, or which limit it to certain segments, in order to protect human health. Considerable research and development in this field has been ongoing for some time now and we participate in work on using recycled materials that comply with food contact regulations. Recently some new solutions have become available; whilst as yet they cannot be classified as recycled materials, they use less virgin raw material. Our **commitment to ensuring we use raw materials responsibly** accordingly translates into constant, major R&D investments for solutions that use the least possible amount of virgin raw materials, going from the most linear development (though this does not mean it is less complex) of lighter materials offering the same performance, to the development of entirely innovative solutions. We feel sure that the resources adopted by the various stakeholders in the supply chain will soon result in broader application of the circular economy, and one which embraces the use of recycled raw materials in our sector as well. In the meantime, **we purchase recycled materials for the purposes which are permitted**, and we make all the investments and adopt inhouse reuse procedures. By distilling solvent, for example, we can reuse a sizeable amount of the chemical raw materials purchased. If we take the calculations made in the Inverigo plant as our benchmark, this amount totals 43%. In 2020 we bought approximately 51,000 tonnes of raw materials. As described in the previous paragraph, food contact restrictions prevent us from using recycled raw materials; as a result, the

0%

RAW MATERIALS FROM RECYCLING



31%

PACKAGING FROM RECYCLING



purchased weight amounts to 0%. As for packaging purchased to contain finished products, we have instead bought a great deal of packaging, particularly paper, with a very high recycled content rate, when not entirely made of recycled materials. For this first year of reporting figures for this area, the quota of recycled packaging was calculated out of the total amount purchased, and is limited to the main types of packaging, which together make up 80% of the amount purchased by Inverigo. This limitation, along with the comparison with data from past years, is down to difficulties posed by harmonising the different units of measurement, and in finding information about the amount of recycled content from outside sources. In 2021 the company will be extending the perimeter to purchases for the whole Group. Next year we are planning to increase purchases of packaging with recycled content, and we are involved in developing solutions that use recycled raw materials.

## A RESPONSIBLE SUPPLY CHAIN

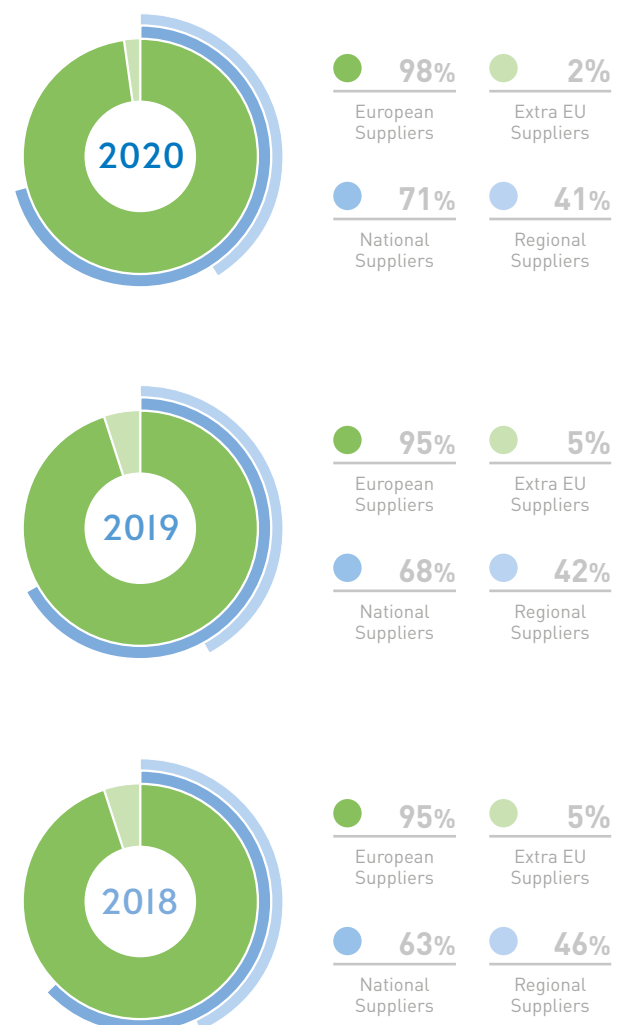
We are aware that business extends beyond the confines of the company itself. As a result, our procurement policy pays close attention to the suppliers we choose. Where possible we opt for **local suppliers** and lasting relationships as they create value in the long-term for the whole **chain of value**. We assess suppliers as a whole, weighing up their financial, environmental and social aspects, and their commercial and industrial ethics. In particular, we gauge financial aspects, reputation in the marketplace, ability to tackle a variety of regulatory requirements, possession of the main certifications, and generally speaking their policies for managing social and environmental issues. We pay special attention to **evaluating food safety**, an important and defining factor in our sector. For this reason we established a direct channel with suppliers some time ago in order to communicate any risks regarding supplies. These measures combine to minimise direct financial risks, such as sudden interruptions in supplies, speculative dynamics and food safety events. Periodically, and on a rotation basis, we **audit the suppliers** we work with according to key criteria. We share the results of assessments and audits with them, in order to establish any corrective measures needed.

In 2020 we concluded the **supplier self-assessment questionnaire** which concerned the food quality and safety management systems and areas thus far. In addition to these topics, we also included health and safety in the workplace, human rights, the environment, business ethics and responsible procurement. The extended questionnaire was then sent to a limited number of suppliers, and we conducted the first assessments on the replies received. For 2021 we plan to draft a policy mapping the perimeter and criteria of the assessment for the whole Group.

Relations with suppliers are managed in compliance with the principles of fairness and impartiality, in accordance with internal procedures, delegated powers and the principles of the Code of Ethics. Procurement is the responsibility of the Purchasing Managers of the companies, which operate in line with shared operative guidelines and report directly to the General Manager. Purchases of key materials are coordinated by the Purchasing Manager of the Holding.

We firmly believe that **working with suppliers** is **vital** to meet the challenges posed by innovation. For this reason we promote and maintain partnerships with suppliers through the Innovation and R&D departments, as set out in the chapter entitled “Packaging: zero waste goal”.

Where possible, we prefer to work with local or Italian suppliers, or with providers within the European Union. This strategy ensures collaborations and projects are facilitated by shared context and goals, as well as making it possible to generate indirect employment with positive impacts on the local area. In 2020, 98% of goods and services were bought on the European market, 71% on the Italian markets of the individual companies.



<sup>3</sup> The terms regional and national refer to purchases from suppliers located in the same region/nation in which the Group's companies are based. The percentages are calculated out of the total spent. For the purposes of defining local procurement, the head offices of the suppliers were taken as the point of reference.

## WASTE MANAGEMENT

Production inevitably generates wastage and refuse. By **improving the production process** and **applying the principles of the circular economy**, we are endeavouring to reduce the incidence of production waste and to give this waste and refuse a second life with cutting-edge solutions. Where possible we reuse waste in production, selling it on the market to be **reconditioned** for **making secondary raw materials**, or transforming it into thermal energy using incinerators, whether external or internal. Only waste which cannot otherwise be given new value becomes refuse which is sent to the landfill. The largest quota of internal re-use, as discussed in the Responsible Consumption paragraph, concerns the recuperation of ethyl acetate, a volatile element of certain inks which is released into the atmosphere during printing. We recover the ethyl acetate using air treatment systems to reduce polluting emissions into the atmosphere, the first of which was installed by Cellografica Gerosa SpA in 1981 well ahead of the

relevant laws and indeed the sector itself. This was later followed by similar investments in the whole Group. The recovered solvent is then put back into the production process; if it exceeds requirement, it is sold. Reconditioning and incineration to recuperate heat are maximised using internal collection processes that differentiate them as far as possible, thereby promoting recovery processes. **Incineration** occurs externally, where legislation allows it, or inhouse, such as in Inverigo, where the plant has an internal incinerator. External waste deliveries are carried out in complete respect of the laws, and external waste disposal and treatment companies are hand-picked in keeping with professional criteria and the type of waste concerned.

Leaving aside waste recuperated for internal use, in 2020 10,114 tonnes of waste was produced. Of these, 56% was sent to be recycled or recuperated, whilst 5% was transformed into thermal energy via the inhouse incinerator. Hazardous waste, which in 2020

### NON-HAZARDOUS WASTE

	TOTAL	OF WHICH RECOVERED	OF WHICH TO DISPOSAL	OF WHICH SENT TO WASTE-TO-ENERGY PROCESS
<b>2020</b>	<b>9,078</b>	<b>5,180</b>	<b>3,363</b>	<b>535</b>
<b>2019</b>	<b>8,193</b>	<b>4,342</b>	<b>3,141</b>	<b>710</b>
<b>2018</b>	<b>9,078</b>	<b>4,048</b>	<b>4,335</b>	<b>695</b>

### HAZARDOUS WASTE

	TOTAL	OF WHICH RECOVERED	OF WHICH TO DISPOSAL	OF WHICH SENT TO WASTE-TO-ENERGY PROCESS
<b>2020</b>	<b>1,036</b>	<b>528</b>	<b>508</b>	<b>0</b>
<b>2019</b>	<b>1,075</b>	<b>503</b>	<b>572</b>	<b>0</b>
<b>2018</b>	<b>1,109</b>	<b>488</b>	<b>620</b>	<b>0</b>

### TOTAL OF NON-HAZARDOUS AND HAZARDOUS WASTE

	TOTAL	OF WHICH RECOVERED	OF WHICH TO DISPOSAL	OF WHICH SENT TO WASTE-TO-ENERGY PROCESS
<b>2020</b>	<b>10,114</b>	<b>5,708</b>	<b>3,871</b>	<b>535</b>
<b>2019</b>	<b>9,268</b>	<b>4,846</b>	<b>3,713</b>	<b>710</b>
<b>2018</b>	<b>10,186</b>	<b>4,536</b>	<b>4,955</b>	<b>695</b>



accounted for 10% of total refuse generated, mainly comprising exhausted ink and the plastic drums in which the inks are transported.

Printing ink and plating baths used for galvanic processes are handled in accordance with strict procedures. This not only concerns the waste itself, but also the production process concerned, with spillages posing a serious risk to the environment. We invest in preventing accidental spillage through training and by installing containment systems in storage areas and placing containers in absorbent material in the areas at most risk. Rainwater can also dislodge ink residues on the outdoor surfaces of the company building, so we have also created containment systems for capturing rainfall. Accident simulations are conducted to verify how effective these **prevention systems** are, particularly those inside the production departments. In 2020, a spillage of 100 litres of white ink occurred at the manufacturing site of Gerosa SA; it was handled and contained promptly, thereby avoiding any environmental impact.

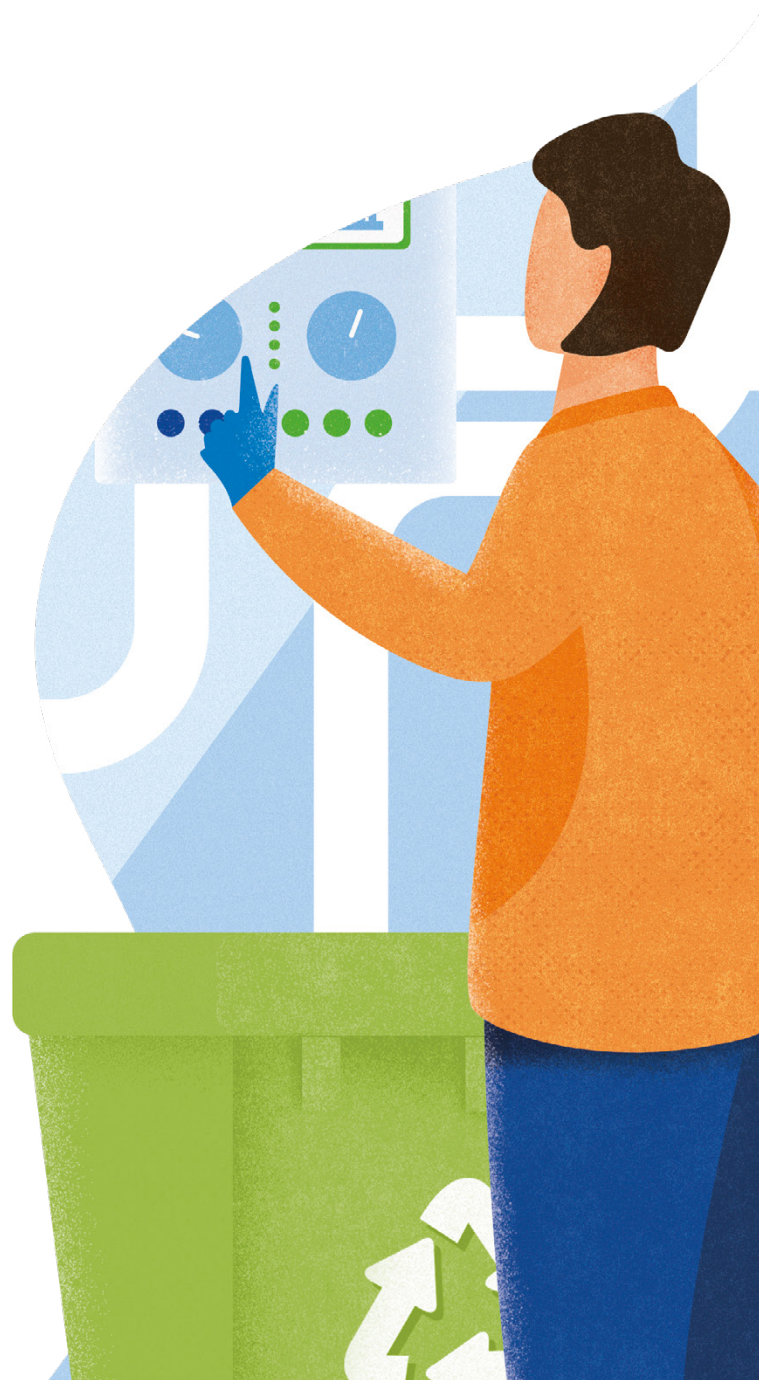
## INDUSTRY 4.0

Cutting-edge technologies have played a key role in economic development over the last decade. On the one hand they constitute a flourishing market, whilst on the other hand they enhance the efficiency of more traditional sectors considerably, bolstering development still further.

We believe that introducing elements of Industry 4.0 into our own sector plays a vital role in encouraging process innovation, with a positive knock-on effect on environmental impact as well. In particular, processing sizeable amounts of information combined with evolved tools linking staff with control instruments can enhance production efficiency, increase control of machine performance and product quality. In addition, automating programmed operations improves ergonomics and limits human intervention in physically demanding, repetitive tasks for which specific professional skills are not called for. Expansion of Internet into the world of things makes it possible to offer state-of-the-art products in our sector as well, as described in greater detail in the chapter "Packaging: zero waste goal".

Investments for the digital transition are allocated autonomously by the individual companies, and are then approved by the respective Boards in accordance

with the Group's shared values and goals. These take into account goals for improving economic performance, labour ergonomics and increasing professional expertise of workers through training. A formalised Group policy is being drawn up to ensure Industry 4.0 investments are directed to best effect, and is due to be implemented in 2021. A number of investments were completed in 2020, with advanced inter-connection with company systems due to be concluded in 2021.





# CERTIFICATIONS

## CHAPTER 05






To follow are the Group's certifications and sustainability ratings. In 2020 Cellografica Gerosa SA successfully obtained its first ISO 14001 certification, and Cellografica Gerosa SpA completed the transition

from OSHAS 18001 to ISO 45001.

It has notched up very positive Ecovadis sustainability ratings, ranking in the highest percentiles and further improving on last year's scores.



UNI EN ISO 9001:2015, UNI EN ISO 14001:2015, UNI EN ISO 22000:2005, UNI EN ISO 45001:2018  
 BRC/loP issue5, Sedex SMETA AUDIT METHOD, CSR Rating Ecovadis, DPG Certification Guidelines,  
 FOREST STEWARDSHIP COUNCIL, DIN Geprüft Industrial Compostable, DIN Kompostierbar conformity.

	 <b>gerosa</b> <i>imballaggi flessibili</i>	 <b>gerosa</b> <i>envases flexibles</i>	 <b>rieusset</b> <i>etiquetas, packaging flexible</i>	 <b>flexocit</b> <i>imballaggi flessibili</i>	 <b>artema plast</b> <i>ambalaje flexible</i>
UNI EN ISO 9001	✓	✓	✓		✓
UNI EN ISO 45001	✓	✓	✓	PLANNED 2022	PLANNED 2022
BRC	✓	✓	✓	✓	✓
UNI EN ISO 22000	✓	✓	✓	Not renovated (substituted with BRCGS)	✓
UNI EN ISO 14001	✓	✓	✓		✓
FSC	PLANNED 2022	✓	✓	PLANNED 2022	PLANNED 2022
Sedex	✓	PLANNED 2021		✓	✓
DPG <sup>1</sup>	N/A	N/A	✓	N/A	N/A
DIN <sup>2</sup> compostabile	✓			PLANNED 2021	
Ecovadis	✓	✓	✓	PLANNED 2022	PLANNED 2022

<sup>1</sup>Certificate of compliance with DPG Deutsche Pfandsystem GmbH, the system that collects and recovers packaging in Germany (a deposit returns system).

<sup>2</sup>Product compostability certification as per DIN EN 13432:2000-12, ISO 17088:2012 and ASTM D 6400:2012-01 standards.



# METHODOLOGICAL NOTE

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## CHAPTER 06

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### SCOPE AND DEFINITIONS

The 2020 Sustainability Report, the third drafted by the Gerosa Group, refers to the financial year running from 1 January to 31 December 2020. It has been drafted in accordance with GRI Sustainability Reporting Standards (GRI Standards), as per the “in accordance - core” option, and underwent limited revision by EY SpA, an independent contractor.

The Report’s framework is the Gerosa Group, which the document also refers to as the “Group”. It excludes the two sales companies, Gerosa Flexible Verpackungen and Commerciale Gerosa Group Sarl, whose contributions are only detailed in the summary of economic values on page 4 and the analysis of “Economic value generated and distributed” in the chapter “The Gerosa Group” (page 5).

The holding company, Cellografica Gerosa SpA, is based in Inverigo in the province of Como, Italy, at 23 Via Al Gigante; the locations of the company premises included within the framework of this Sustainability Report are mapped in the chapter on “The Gerosa Group”. The document also contains performance

data for the previous two-year period, 2018-2019, where available, and are supplied for comparison purposes.

On the date of publication of this Report, no events of note concerning the sustainability statement had occurred in the course of 2021, notwithstanding the points already described in the document.

### PRINCIPLES FOR DEFINING REPORT CONTENTS AND FOR ENSURING REPORT QUALITY

For the purposes of outlining the content and guaranteeing its quality, this Report has been drawn up in keeping with the Reporting Principles defined by GRI 101: Foundation Standard, which identifies and governs the completeness, sustainability context, inclusiveness and materiality in defining the report’s contents. By the same token, it oversees aspects linked to accuracy, reliability, clarity, comparability, balance and timeliness in order to guarantee its quality.

## MATERIALITY ANALYSIS

In 2020, given the ever-increasing importance of certain topics on the international agenda, not least in view of the appearance of the COVID-19 pandemic on the global scene, we felt it would be useful to conduct an audit of our materiality matrix. The topics of potential interest were mapped by analysing the context, which in turn involved a benchmark analysis on the sustainability communication of 50 companies in the field, as well as analysing documents on trends within the sector itself and on a global level.

In order to identify the relevant material topics, an internal analysis was carried out involving the Group's Sustainability Committee, as well as an external

analysis. This involved handing out a questionnaire to all employees and 140 suppliers, with a response rate of 50% of employees and 39% of suppliers. The results yielded by these questionnaires were combined with the results of previous context analyses in order to take the viewpoints of the various stakeholder categories into account without actually involving them directly. The result is the matrix illustrated on page 9, which was validated by the Group's Sustainability Committee, the General Managers of the Group's companies, and the Board of Directors of the Holding.

To follow are the stakeholders identified, the corporate departments that interact with them, the means of engagement, and key elements of the relationship.

	CORPORATE DEPARTMENT THAT INTERACTS WITH THE STAKEHOLDER	METHOD OF STAKEHOLDER INVOLVEMENT	KEY ELEMENTS OF THE RELATIONSHIP
EMPLOYEES	<ul style="list-style-type: none"> <li>Human Resources Manager</li> <li>Health and Safety Manager</li> </ul>	<ul style="list-style-type: none"> <li>Continuous dialogue</li> <li>Training</li> <li>Periodic assessment of results</li> <li>Confidential communication channel</li> </ul>	<ul style="list-style-type: none"> <li>Quality of the employment relationship management</li> <li>Occupational health and safety</li> <li>Training</li> </ul>
CUSTOMERS	<ul style="list-style-type: none"> <li>Chairman</li> <li>Commercial Division</li> <li>Product Quality and Safety Division</li> <li>Innovation Center</li> </ul>	<ul style="list-style-type: none"> <li>Periodical encounters</li> <li>Participation in trade fairs or sector events</li> <li>Joined projects</li> </ul>	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Product innovation</li> <li>Speed in supply</li> </ul>
SUPPLIERS	<ul style="list-style-type: none"> <li>Purchasing Manager</li> <li>Product Quality and Safety Division</li> </ul>	<ul style="list-style-type: none"> <li>Periodical dialogue</li> <li>Evaluation questionnaires</li> <li>Dedicated line for food emergencies</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with contractual terms and conditions</li> <li>Continuity of the relationship</li> <li>Development of collaborations</li> </ul>
LOCAL COMMUNITIES	<ul style="list-style-type: none"> <li>Vice-President;</li> <li>Environmental Manager (in relation to Environmental topics)</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue with institutions and non profit organizations</li> <li>Dialogue with local communities</li> <li>Direct or indirect interventions in social projects</li> <li>Collaboration with schools</li> </ul>	<ul style="list-style-type: none"> <li>Inclusion of environmental impacts into the business strategy</li> <li>Identification of social needs in the community and mitigation of environmental aspects</li> </ul>
OFFICIAL ORGANISATIONS	<ul style="list-style-type: none"> <li>Deputy Chairman</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue with the representatives of the public administration</li> <li>Participation in joint projects</li> </ul>	<ul style="list-style-type: none"> <li>Participation in territory development activities</li> <li>Economic results</li> <li>Process and product innovation</li> </ul>
TRADE ASSOCIATIONS	<ul style="list-style-type: none"> <li>Management</li> <li>Head of the department of reference</li> </ul>	<ul style="list-style-type: none"> <li>Participation in meetings</li> <li>Participation in thematic research and conventions</li> </ul>	<ul style="list-style-type: none"> <li>Participation in the development of the entity's positioning</li> <li>Sharing of experiences and information</li> </ul>
END CONSUMERS	<ul style="list-style-type: none"> <li>Sustainability Committee</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Report release</li> <li>Participation to disclosure events</li> </ul>	<ul style="list-style-type: none"> <li>Transparent communication</li> <li>Openness to dialogue</li> </ul>

## MATERIAL TOPICS

The materiality analysis identified 12 material topics which are outlined below. We would point out that the

“Fire and Explosion Risk” has been included in the “Occupational Health and Safety” topic.

### ENERGY EFFICIENCY AND CLIMATE CHANGE

Ensure rational use of energy sources and implement initiatives to monitor and reduce energy consumption and greenhouse gas emissions throughout the chain of value, in order to help counteract climate change.

### OCCUPATIONAL HEALTH AND SAFETY

Guarantee working conditions that safeguard the psychological and physical wellbeing of workers (employees and co-workers) and high standards of company health and safety. Promote the adoption of preventive measures to reduce potential hazards through specific initiatives and suitable health and safety training. Guarantee safety of local communities living near production plants, particularly against fire and explosion hazards posed by use of solvents and other inflammable substances.

### PRODUCT INNOVATION

Invest in research and development to promote greater product sustainability (extension of shelf-life, circular economy, recyclability, new materials, partnerships with universities, research centres, suppliers and clients), to generate a positive long-term impact.

### PRODUCT QUALITY AND SAFETY

Guarantee the packaging’s ability to protect contents, particularly for protecting foods from external contamination, whether pollutant or natural in origin.

### RATIONAL CONSUMPTION OF RAW MATERIALS

Promote and implement initiatives geared towards rationalising use of raw materials, both in terms of the amounts used and their origin (greater use of recycled material as opposed to virgin raw materials).

### ATMOSPHERIC POLLUTING EMISSIONS

Control and reduce polluting emissions (particularly NOx and VOCs) in the atmosphere generated by the Group’s activities.

### EMPLOYEE WELFARE

Guarantee initiatives geared towards enhancing quality of life of employees and their families, to create a positive working environment.

### FOSTERING ATTRACTION, LOYALTY AND DEVELOPMENT OF EMPLOYEES

Create a working environment which attracts talented professionals whilst at the same time retaining our own resources, ensuring they work in a climate of understanding, whilst promoting a corporate culture geared towards fostering expertise and professional growth.

### WASTE MANAGEMENT

Reduce impacts linked to generating and disposing of waste from the Group’s manufacturing activities, both in terms of the amount of waste produced, and the disposal methods used.

### INDUSTRY 4.0

Promote technological and process innovation, with the aim of improving ergonomics in the workplace, the technological quality of our products, manufacturing efficiency and competitiveness.

### RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Promote and guarantee responsible practices within the supply chain, during both selection and qualification (e.g. assessment of safety in the workplace and respect of human rights) and in monitoring their performance (e.g. audits which also include sustainability issues).

### COMMITMENT TO LOCAL COMMUNITIES

Help develop communities by organising or sponsoring local events or initiatives (e.g. culture, sport) to redistribute the value generated by the Group across the local area. Minimise the visual and acoustic impact of the production plants.

The table below lists the material topics and indicates the corresponding GRI Topics and relevant perimeter in terms of impact, as well as any limitations in reporting due to data outside the Group's perimeter

not being available. In the coming years, the Group is committed to gradually extending the reporting perimeter of the material topics.

MATERIAL ISSUES	RELATED GRI STANDARD	SCOPE		DISCLOSURE LIMITATIONS	
		INTERNAL	EXTERNAL	INTERNAL	EXTERNAL
Energy efficiency and climate change	302 - Energy (2016) 305 - Emissions (2016)	Group	Suppliers	-	Report not extended to suppliers
Occupational health and safety	403 - Occupational health and safety (2018)	Group	Workers not employees	-	Report not extended to workers nor employeeed
Product innovation	Topic not related to a GRI standard	Group	-	-	-
Product quality and safety	Topic not related to a GRI standard	Group	-	-	-
Rational consumption of raw materials	301 - Materials (2016)	Group	-	-	-
Atmospheric polluting emissions	305 - Emissions (2016)	Group	-	-	-
Employee welfare	401 - Employment (2016)	Group	-	-	-
Fostering attraction, loyalty and development of employees	401 - Employment (2016) 404 - Training and education (2016)	Group	-	-	-
Waste management	306 - Waste (2020)	Group	-	-	-
Industry 4.0	Topic not related to a GRI standard	Group	-	-	-
Responsible management of the supply chain	204 - Procurement practices (2016)	Group	-	-	-
Commitment to local communities	413 - Local Communities (2016)	Group	-	-	-
Economic performance	201 - Economic performance (2016)	Group	-	-	-

Over and above the material topics, this document also contains general information regarding "Management of diversity and equal opportunities" and "Management of water resources", both topics

recently left out of the materiality list but which the Group still deems important, and for which it will continue to supply information.

## CALCULATION METHODS

To follow are the main calculation methods used and estimates made using a conservative approach, over and above those already described in the report.

### HEALTH AND SAFETY

For health and safety calculations, it should be noted that:

- Injuries are classified as accidents when they involve at least one day's absence from the workplace;
- Injuries which are ongoing have been excluded from the calculation
- "High consequence injuries" are those that can result in definitive loss of physical function of the body, or which result in an absence of more than 180 days;
- The injury frequency index is calculated as the no. of injuries/no. of hours worked x 1,000,000;
- The index of frequency of high consequence injuries is calculated as the no. of high consequence injuries/no. of hours worked x 1,000,000.

### ENVIRONMENT

For calculations concerning environmental issues, it should be noted that:

- Where data are not available in the form required by the indicator, a conservative estimate approach has been adopted, resulting in the choice of environmental performance scenarios which are less positive for the Group;
- Energy consumption has been calculated using the following conversion factors: for energy derived from the use of petrol, diesel and oil for combustion, the annually updated conversion factors from the database of DEFRA (Department for Environment, Food and Rural Affairs) are used; for energy derived from consumption of natural gas, the conversion factors given in the table of standard national parameters published by the Ministry of the Environment and Protection of Territory and Seas are used. As regards electricity, the transformation from kWh to GJ has been calculated using the conversion factor of DEFRA (UK- Department for Environment, Food and Rural Affairs);
- Scope 1 GHG emissions (greenhouse gases) derived from emissions sources belonging to or under the direct control of the Group have been calculated using the following formula: activity figures (m<sup>3</sup> of natural gas, litres of diesel, litres

SOURCE	CONVERSION FACTOR	2020	2019	2018
ELECTRIC ENERGY	GJ/kWh	0.0036	0.0036	0.0036
NATURAL GAS	GJ/Sm <sup>3</sup>	0.035281	0.035303	0.035253
GAS	GJ/L	0.0328	0.03285	-
DIESEL	GJ/L	0.0360	0.03599	-
FUEL OIL	GJ/L	-	0.03521	-

of petrol, litres of combustible oil) multiplied by the respective emission factor.

- For natural gas, the conversion factor from the table of standard national parameters published each year by the Ministry for the Environment and Protection of Territory and Seas was used, whilst for petrol, diesel and combustible oil, the annually updated DEFRA (Department for Environment,

SOURCE	CONVERSION FACTOR	2020	2019	2018
NATURAL GAS	tCO <sub>2</sub> /1000 Sm <sup>3</sup>	1.98400	1.97200	1.96400
GAS	kgCO <sub>2e</sub> /L	2.31467	2.31495	-
DIESEL	kgCO <sub>2e</sub> /L	2.68787	2.68697	-
FUEL OIL	kgCO <sub>2e</sub> /L	-	2.54042	-

Food and Rural Affairs) database was used.

- Scope 2 GHG emissions calculated using the Location-Based method (average intensity of emissions of national grids from which the energy is taken) take into account emission factors taken from Terna's international comparison using Enerdata, updated at regular intervals.

SOURCE	CONVERSION FACTOR	2020	2019	2018
ITALY	kgCO <sub>2</sub> /kWh	0.315	0.336	0.359
SPAIN	kgCO <sub>2</sub> /kWh	0.210	0.255	0.296
ROMANIA	kgCO <sub>2</sub> /kWh	0.280	0.290	0.311





- Scope 2 GHG emissions calculated using the Market-Based approach (emissions directly linked to the type of electricity purchased by the Group) are calculated excluding the quote of certified renewable energy bought, and in keeping with the following emission factors taken from AIB - European Residual Mixes, updated at

SOURCE	CONVERSION FACTOR	2020	2019	2018
ITALY	kgCO <sub>2</sub> /kWh	0.45857	0.46589	0.48329
SPAIN	kgCO <sub>2</sub> /kWh	0.28653	0.34269	0.44839
ROMANIA	kgCO <sub>2</sub> /kWh	0.26516	0.31068	0.40120

- regular intervals.
- Energy intensity is calculated in terms of total energy consumption divided per 1,000 square metres of production; whilst emission intensity has been calculated dividing the total of Scope 1 and 2 emissions (location based) by 1,000 square metres of production. These figures offer a good estimate of the usage of production machinery. There are, however, some rough estimates, particularly the energy consumption used in calculating the index also includes the consumption quota of the general production

plants, which at this moment in time cannot be separated from direct production consumption rates.

- NOx (nitrous oxides) are estimated using precise measurements of concentrations taken at regular intervals, and are then multiplied by capacity and operating hours of the plants;
- VOCs (Volatile Organic Compounds), depending on the site in question, are estimated using the same approach as NOx, or they are calculated as indicated in the solvent Management Plan, which is drafted in compliance with regulations in force in the individual countries in which the Group's manufacturing plants are based;
- The percentage of packaging from recycled materials has only been calculated for the main types of packaging making up 80% of the Holding's purchases. This limitation is due to the wide variety of materials used, and the different units of measurement. The calculation transformed the various units of measurement into kilograms using average data obtained by weighing samples, or from publicly available data regarding similar goods.

For more information, please contact us at: [sustainability@gerosagroup.com](mailto:sustainability@gerosagroup.com).



# GRI CONTENT INDEX

## CHAPTER 07

GRI STANDARD	STANDARD DESCRIPTION	PAGE	REFERENCE TO THE DOCUMENT	OMISSIONS
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## Independent auditors' report on the 2020 Sustainability Report (Translation from the original Italian text)

To the Board of Directors of  
Cellografica Gerosa S.p.A.

We have been appointed to perform a limited assurance engagement on the "2020 Sustainability Report" (hereinafter the "Sustainability Report") of Cellografica Gerosa S.p.A. and its subsidiaries (hereinafter also the "Group" or "Gerosa Group") for the year ended on December 31<sup>st</sup>, 2020.

### Directors' responsibility on the Sustainability Report

The Directors of Cellografica Gerosa S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - *Global Reporting Initiative* ("GRI Standards"), as described in the paragraph "Methodological Note" of the Sustainability Report.

The Directors are also responsible for that part of internal control that they consider necessary in order to allow the preparation of a Sustainability Report that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining the commitments of the Gerosa Group regarding the sustainability performance, as well as the identification of the stakeholders and of the significant matters to report.

### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the *International Standard on Quality Control 1 (ISQC Italia 1)* and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

### Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. Our work has been performed in accordance with the principle of "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. This principle requires the planning and execution of procedures in order to obtain a limited assurance that the Sustainability Report is free from material misstatements.

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Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the *ISAE 3000 Revised* ("*reasonable assurance engagement*") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Sustainability Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the criteria applied to identify priorities for the different stakeholders categories and to the internal validation of the process outcomes;
2. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the Sustainability Report.

In particular, we have conducted interviews and discussions with the personnel of Cellografica Gerosa S.p.A. and of Flexocit S.r.l., and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of data and information to the department responsible for the preparation of the Sustainability Report.

Furthermore, for significant information, considering the Group's activities and characteristics:

- at Group level
  - a) with reference to the qualitative information included in the Sustainability Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the production site of Flero (BS) of Flexocit S.r.l., that we have selected based on its activities, relevance to the consolidated performance indicators and location, we have carried out interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.



## Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Gerosa Group for the year ended on December 31<sup>st</sup>, 2020 has not been prepared, in all material aspects, in accordance with the requirements of the GRI Standards, as described in the paragraph "Methodological Note" of the Report.

Milan, November 12<sup>th</sup>, 2021

EY S.p.A.  
Signed by: Paolo Zocchi  
(Auditor)

*This report has been translated into the English language solely for the convenience of international readers.*



*"The value of an idea  
lies in the using of it"*

*Thomas Edison*





# SUSTAINABILITY REPORT 2020

SUSTAINABILITY REPORT

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CF and n. of Commercial register in Como no. 00200410132  
Registered capital euro 8,000,000 fully paid

**GEROSA**  
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flexible packaging and labels